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PARIS, MONDAY, OCTOBER 24, 1988

ESTABLISHED 1887

'Caine Mutiny' Debate To Orchestrate in Beijing

Charles Heston, Heston and an all-star cast... The play 'The Caine Mutiny'... will be staged in Beijing...

Sibamus Smith, the general manager of the Republic of the Congo...

Sibamus Smith, the general manager of the Republic of the Congo... has visited the United States...

The rock group, 10,000 Miles, which got its start in New York...

The rock group, 10,000 Miles, which got its start in New York... is planning to tour Europe...

Saving 'John'... While Nelson was appointed in a... role...

Saving 'John'... While Nelson was appointed in a... role... to help with the economy...

A... U.S. ... Henry ...

A... U.S. ... Henry ... is a... of the... industry...

Beyond the EC Vision for '92: Fears of a 'Fortress Europe'

By Steven Greenhouse New York Times Service

BRUSSELS — There is a magnificently simple vision behind the European Community's plans to remove internal trade barriers in 1992...

But companies based outside Western Europe are starting to get a dark and clouded vision of 1992 — they fear that as the EC tears down its internal barriers to form a single, unified market of 320 million people...

'Fortress Europe' may not be here yet, but many American and Japanese officials and executives say that through import quotas, antidumping actions and requirements of reciprocity, a fortress might be taking shape, brick by brick.

'What's important is that Europe not become free traders internally, and protectionist externally,' said Clayton K. Yentler, the

U.S. trade representative. 'That's where the jury is out right now.'

Fears about the development of Fortress Europe have grown so intense that last Wednesday senior officials of the European Commission, the community's executive branch, called a news conference to reassure their trading partners and to dismiss the fears as 'senseless and groundless.'

The assurances did little to alleviate anxiety. Although American and Japanese officials say it is not too late for the EC to keep Fortress Europe from being built, they say the evidence pointing to construction of a fortress has been piling up.

The commission has drafted a rule that could prevent foreign banks from setting up in Europe unless their home country grants 'reciprocal' opportunities to European banks.

This could mean that a U.S. bank might not be able to obtain a license to operate in all 12 EC member nations because European

banks do not have the right to open in all 50 U.S. states.

France, Italy, Spain and Portugal all have quotas that limit the number of Japanese cars that can be sold in their countries each year, and the European car industry has recently called for replacement of those restrictions with a single quota.

The European Commission is considering the proposal, which would roll back the number of Japanese cars sold in Europe to the levels of three years ago.

Last month, the European Community slapped dumping duties on many Japanese and South Korean videocassette recorders. It was just one of the many penalties the EC has ordered recently on billions of dollars worth of Asian goods.

The Japanese say the penalties, which have even been placed on some products that Japanese companies make in Europe, stretch in-

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President Saddam Hussein of Iraq, left, greeting Yasser Arafat in Baghdad on Sunday. President Hosni Mubarak of Egypt is at center.

Jordan And PLO Ease Rift

Aim Is to Hinder Shamir and Aid Arab Prospects

By Alan Cowell New York Times Service

CAIRO — The leaders of Egypt and Jordan reported significant progress Sunday in healing a two-year rift between Jordan and the Palestine Liberation Organization, following unexpected negotiations between them and the PLO chairman, Yasser Arafat.

Mr. Arafat, King Hussein of Jordan and President Hosni Mubarak of Egypt took part in the Egyptian-brokered talks in Aqaba, Jordan. Egyptian officials said that the talks, held Saturday, were part of an evolving Arab strategy to undermine Prime Minister Yitzhak Shamir of Israel in parliamentary elections scheduled for Nov. 1 in that country.

The talks also were designed to link the PLO with a bloc of moderate Arab nations in the stalled quest for a Middle East peace, in order to counter U.S. and Israeli hostility toward the PLO, the officials said.

Mr. Mubarak and Mr. Arafat flew on Sunday from Aqaba to Baghdad to meet with President Saddam Hussein of Iraq, who was said by Palestinian officials to have helped arrange the talks in Aqaba. King Hussein and Mr. Arafat had been estranged since early 1986, when yearlong efforts toward a joint approach to peace negotiations with Israel failed to produce an agreement.

The king's decision announced on July 31 to sever administrative and financial ties with the Israeli-occupied West Bank, without informing Mr. Arafat in advance, reflected deepened hostilities.

However, according to official accounts of the meeting on Saturday, King Hussein expressed 'full satisfaction' at the outcome of the discussions and said that Jordan and the PLO would henceforth coordinate their approach to the stalled Middle East peace process.

The meeting between King Hussein and Mr. Arafat was the first since the king's announcement in July.

King Hussein reaffirmed on Saturday that he accepted the PLO as the 'sole, legitimate representative of the Palestinian people,' Jordanian radio and the country's official press agency said. They quoted the

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Shamir and Peres Clash on Peace Efforts

By Glenn Frankel Washington Post Service

RAMAT GAN, Israel — The two candidates for prime minister of Israel, Shimon Peres of the Labor Party and Yitzhak Rabin of the Likud bloc, clashed sharply Sunday over Mr. Peres's plan for pursuing peace in the Middle East.

In the only televised debate between them before the Nov. 1 national election, Foreign Minister Peres pleaded with voters, saying: 'If you give me a chance, I can start negotiations and the whole picture in the Middle East can change.'

Prime Minister Shamir accused Mr. Peres of seeking to 'sell out' Israel at an international peace conference.

'To my great sorrow,' Mr. Shamir said, the foreign minister had

violated their coalition agreement in pressing for such a conference despite failing to get an endorsement from the cabinet. Under the coalition agreement of September 1984, Mr. Peres was prime minister until October 1986, then gave up the position to Mr. Shamir.

Mr. Peres retorted angrily that Mr. Shamir was guilty of 'inciting slander and illusions.'

He asked, 'Who is selling out the country? Me?' 'Yitzhak Rabin?' he added, referring to the defense minister.

'What kind of words are these?' Mr. Peres said. 'I suggest to you, Mr. Shamir, that you tell your people in the Likud to tell the truth.'

It was dramatic, rapid-fire television between two clearly impassioned men. But it was unclear

what impact, if any, the 35-minute exchange would have on the extremely close electoral contest and on the small, but crucial group of voters wavering between the Likud bloc and the Labor Party.

Each side claimed victory afterward. But Mr. Peres's aides, who prepared the foreign minister with four practice debates, spoke of having scored a clear triumph for Labor. Mr. Shamir's aides contiguously emphasized that the prime minister had not been expected to do well and had more than exceeded those expectations.

'It was a knockout in the first round,' said Avraham Burg, Labor's campaign spokesman and a Knesset candidate.

'Peres looked and sounded governmental while Shamir was nar-

row and partisan,' Mr. Burg said. 'We know from our polls that one thing that characterizes the undecided voter is that they are looking for a political solution, and the only one who offered such a solution today was Shimon Peres.'

The prime minister's press adviser, Avi Pazner, said Mr. Shamir, who is considered less polished and articulate on the stump than his Labor rival, had only spent three hours in preparation and had not held a practice debate.

Benjamin Netanyahu, a Likud candidate for the Knesset, said: 'In the game of expectations, Likud clearly won. For weeks Labor was accusing Shamir of being too scared to debate. Anyone watching will see a forceful, forthright Shamir.'

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What? Bush in a Landslide?

By E.J. Dionne Jr. New York Times Service

WASHINGTON — Two weeks ago, the 1988 presidential campaign between George Bush and Michael S. Dukakis was widely regarded as a close race in which the vice president had a small advantage.

Now, after the second debate between them, politicians have begun to talk about a Bush landslide.

The practical question confronting the campaigns is: How can each side use the new perceptions to help its cause?

But the sudden shift in perceptions also raises questions for those

who take polls and write about them or otherwise study the course of a campaign.

Is the new talk of a Bush landslide grounded in a reality finer

than the old talk of a close race? Even if the new talk is true today, will it last out a week certain to be peppered with new polls? And ultimately, does talk of a landslide make a Bush victory more or less likely?

For all the shifts from poll to poll, virtually every poll taker and politician sees Mr. Bush with a

clear lead — and in many states, especially in the South, with an overwhelming advantage.

Representative Newt Gingrich, Republican of Georgia, is just one of many in his party to foresee a '40-state plus' sweep for Mr. Bush on the order of President Ronald Reagan's 1980 and 1984 triumphs.

Senator Dan Quayle of Indiana, Mr. Bush's running mate, said Friday that the Democrats were so weak 'they might end up on election night maybe having one state strategy, or maybe they'll just

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Budget Deficit Is Priority, Candidates' Advisers Say

By Reginald Dale International Herald Tribune

Leading economic advisers to both U.S. presidential candidates believe that the next U.S. administration must give top priority to cutting the U.S. budget deficit, first by controlling spending, and by tax increases only if that fails.

In interviews with the IHT, Martin S. Feldstein, an adviser to Vice President George Bush, and Lawrence H. Summers, an adviser to Governor Michael S. Dukakis, also suggested that the dollar's current value is too high, although Mr. Feldstein was much more emphatic on the point than Mr. Summers. (Page 2.)

Both men were confident that a U.S. recession could be avoided.

Although Mr. Bush has repeatedly ruled out a tax increase, Mr. Feldstein said that 'obviously' a tax increase would be needed if Congress failed to get spending under control along the lines of the 'flexible freeze' that Mr. Bush has proposed. Mr. Summers repeated Mr. Dukakis's insistence that a tax

increase should be considered only as 'a last resort.'

While Mr. Feldstein said the dollar would fall by roughly 25 percent over the next three years, Mr. Summers limited himself to saying that the dollar's recent rise was disturbing.

The two differed sharply on the future of economic and monetary coordination among the seven leading industrial countries, which Mr. Summers said should be extended. Mr. Feldstein said the seven should go back to much more informal discussions and bring in other countries.

Although neither has a formal role in his preferred candidate's election campaign, one or the other could play a prominent advisory role to the new administration.

Mr. Feldstein, president of the Bureau of Economic Research in Cambridge, Massachusetts, was chairman of President Ronald Reagan's Council of Economic Advisers from 1982 to 1984.

Mr. Summers, a Harvard University economics professor and a former pupil of Mr. Feldstein's, served briefly on the same council.



About 5,000 Lithuanians attending a Mass on Sunday outside the Vilnius cathedral, used for decades as an art gallery. The Lithuanian government said it was returning the edifice to the church.

Lithuanians Drop Demand On Secession

Reuters

VILNIUS, Soviet Union — A new mass movement in Lithuania dropped demands Sunday for the republic to have the right to secede from the Soviet Union.

The decision was made at a televised founding congress of the Sajudis, the Initiative Group in Support of Perestroika. But the delegates called for regional economic independence and free elections.

Earlier Sunday, 5,000 people packed the square in front of the Vilnius cathedral for the first Roman Catholic Mass allowed there in almost 40 years. The Mass was shown live on Lithuanian television in what local journalists said was probably the first television broadcast of a Roman Catholic ceremony in Soviet history.

Kohl's Moscow Visit Ends a 5-Year Chill

By Robert J. McCartney Washington Post Service

BONN — Chancellor Helmut Kohl of West Germany goes to Moscow on Monday for a visit that underlines Western Europe's increasing willingness to use its economic might and diplomatic influence to help President Mikhail S. Gorbachev of the Soviet Union remake Soviet society.

Mr. Kohl's trip ends a five-year chill in Soviet-West German relations. The Soviets welcomed Prime Minister Ciriaco De Mita of Italy to Moscow last week, and President François Mitterrand of France is to visit Moscow in November.

Mr. Kohl vowed Sunday to press Mr. Gorbachev during his visit about German reunification, a

goal firmly opposed by the Soviet Union, Reuters reported from Bonn.

'The chancellor told West German television he would say that Germans have the same right to a united country as Russians have to a united Moscow,' Mr. Kohl said.

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In Sleep, an Expert Says, Less Is Enough (If You Catnap)

By Barry James International Herald Tribune

PARIS — How much sleep is the right amount? Six hours for a man, seven for a woman and eight for a fool, runs an English proverb. The Benedictine Rule prescribed seven and a half to eight hours for laboring monks. The American labor movement in the 19th century demanded 'eight hours for work, eight hours for sleep, eight hours for what you will.'

Whatever the answer, a French expert says the amount of time most people spend abed can safely be reduced by up to two hours a night on condition that the lost sleep is replaced by one or, preferably, two short naps during the day.

That, says the expert, Pierre Fluchaire, adds up to more than a month of extra waking time every year. Mr. Fluchaire, a teacher of engineering at the Ecole Centrale in Paris, an elite university, began taking an interest in sleep when he was a student at the school,

more than 20 years ago, as a means of improving his ability to study.

He went on to read everything he could find on the subject in the scientific literature and is now completing his seventh book about sleep, fatigue and dreams.

'The science is still in its infancy,' said Mr. Fluchaire, who added that most of the French do not understand what he calls 'the few simple laws of good sleeping.'

The French consume more tranquilizers than any other people in Europe with the exception of the Belgians, according to health officials. And in the course of an eight-year education, Mr. Fluchaire said, French youngsters get only two hours of instruction about sleep, and that mostly to learn how to prescribe sleeping pills.

'Fatigue and insomnia are two of the great disorders of our century,' he said in an interview. 'They are linked with stress, which is both the cause and effect of

poor sleeping. When you sleep badly, you wake up stressed, and when you are under stress, you sleep badly. It's a vicious circle.'

Yet 'gentle sleep,' as Shakespeare put it, 'is nature's soft nurse,' a fact we frequently ignore at our peril, Mr. Fluchaire said.

The secret of good sleeping is to recognize the body's natural rhythms and respect them, he said. 'Each one of us has a preferential time to go to sleep,' he said. 'It is like a train that passes.'

If a person misses that train, he advises, it is best to stay awake and catch the next one a couple of hours later, when the body's biological clock next summons sleep, rather than trying to go to sleep when the clock is saying 'wake up.'

'Our brain sends us messages telling us when to go to sleep, if only we would recognize them,' he said.

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Steve Goldberger/IHT

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Advertisement for 'THE COBURG HOTEL' and 'CLASSIFIEDS'. Includes contact information and a page number 'Page 13 FOR MORE CLASSIFIEDS'.

Advertisement for 'Hurricane Kills 50, Ortega Says'. Includes details about the hurricane in Nicaragua and a reference to 'Article on Page 3'.

Advertisement for 'ATTENTION' regarding 'AMERICAN Ballot for U.S. elections'. Includes information about the ballot and how to obtain it.

Bush Aide Insists Spending Cuts Can End Deficit

Martin S. Feldstein, president of the National Bureau of Economic Research in Cambridge, Massachusetts, is an economic adviser to Vice President George Bush, the Republican presidential candidate. He was chairman of President Ronald Reagan's Council of Economic Advisers from 1982 to 1984. He talked to *International Herald Tribune*.

start getting larger, and I don't see private investors around the world willing to finance that on a sustained basis.

Q. Would a Bush administration continue the current process of coordinating economic and monetary policies in the Group of Seven?

A. My sense is that the G-7 process is much more talk than action, that we go to those meetings and say, "As our contribution, we will reduce the budget deficit." But whatever budget-deficit reductions happen in Washington don't happen because of some promise that was made in Toronto or in Tokyo. They happen because of domestic U.S. politics. The same can be said about the policies adopted in Germany and Japan.

Q. International economists are virtually unanimous in their view that the new U.S. administration must increase taxes—that spending cuts, or the "flexible freeze" proposed by Mr. Bush, will not be enough to reduce the budget deficit.

A. That is a large part of what the election is about. The flexible freeze, meaning no increases in real spending on either defense or nondefense other than Social Security, would take the deficit down in less than 1 percent of GNP by 1993.

Q. If the markets were convinced that we were going to achieve that, we would see lower interest rates, and we'd be even closer to budget balance.

Q. You still wouldn't need a tax increase in get rid of that last one percent of GNP?

A. Well, if the interest rate dropped 2 percent, you'd be at zero in 1993 without a tax increase. If the interest rate didn't drop, it would take another year or two years to get there.

Q. The big question is whether we can get that kind of spending control. If you can't, then you obviously do need a tax increase.

Assuming Bush wins, everything really hinges on whether Congress will treat his election as a mandate to go along with further controls on the growth of outlays.

Q. And your scenario would avoid a Congress crisis?

A. If Congress passed a clearly reliable program, I think markets would start celebrating immediately.

But I think the dollar is going to come down in any case, and I don't regard that as a crisis.

Q. The question is not just will the dollar come down, but should it come down? Is this a good thing?

A. When I say the dollar is going to come down, roughly 25 percent over the next three years or so against the other major currencies, I'm not making a "should" statement. I'm saying what I think the market is going to basically insist upon.

Because if we don't do that, then the current-account deficits are going to remain large, indeed

have everything under control can be counterproductive. When there's an indication that coordination is clearly not happening, markets can be frightened immediately.

Q. So would a President Bush say we should change things?

A. I don't know what he will say. But I think it would be good if we moved back toward much more informal, private, off-the-record discussions and a willingness to extend those discussions beyond the G-7, to include the smaller European countries and some of the larger developing countries.

Q. Will the U.S. trade deficit continue to decline?

A. I think we're going to see a substantial slowdown in the improvement unless the exchange rate continues to decline. Since I think the exchange rate is going to decline, I think we will see further progress.

Q. Are the United States' allies doing enough to promote the adjustment process?

A. I don't think that they are stimulating their economies substantially more it would have a noticeable impact on our trade imbalance. I think the exchange rate is really the key. There's certainly no case for our pressing them to grow faster.

Q. Are you concerned about the threat of a U.S. recession?

A. There's certainly no recession on the horizon now. The economy is in remarkably good shape when you think how long this recovery has been going on.

Q. What's to be done to keep us there? I think two things, one, to avoid significant increases in inflation, indeed to bring inflation down gradually, so that we don't get to a point, as we did back in 1981, where the Fed has to step on the brakes hard, push the economy in recession in order to undo an inflation.

Q. Bring it down gradually how, through monetary policy?

A. Yes. By the kind of tighter monetary policy that I think the Fed is now practicing and moving toward.

Q. Are existing policies adequate to deal with the international debt problem?

A. If you put it in black and white terms, I would say that we're on the right course. It is clearly an evolving process. Muddling through doesn't mean just doing the same thing every year.



Martin S. Feldstein

It means continued minor modifications, special treatment for this or that country, but I think for the big debtors—Brazil, Argentina, Mexico—we are basically on the right course.

And the banks will continue to complain and threaten not to provide additional credit. But in the end they do provide that credit, and it's very important that they continue to do so.

Middle Class Needs Relief, Dukakis Adviser Says

Lawrence H. Summers, a Harvard University economics professor, is an economic adviser to Michael S. Dukakis, the Democratic presidential candidate. Mr. Summers served briefly on President Ronald Reagan's Council of Economic Advisers in the early 1980s. He talked to *International Herald Tribune*.



Lawrence H. Summers

Q. Do you think the dollar is at an acceptable trading range?

A. We must make sure that we do not see the kind of spectacular gyrations that we have seen in the earlier part of this decade. And to that end, the recent rise of the dollar disturbs me.

Q. Would a Dukakis administration continue present economic and monetary policy within the Group of Seven framework or want greater freedom to follow its own course?

A. Dukakis administration would extend the sphere of coordination to other issues like the debt crisis. We have to get our budget deficit down so that the G-7 can address a wider range of issues. Trade is another example of an issue that we can treat more extensively in G-7 meetings.

Q. You mentioned the budget deficit as the major reason for current trade disparities. What is your plan for narrowing the deficit?

A. The fundamental problem is the budget deficit. First you have

to get the deficit down. Then we need to give more priority to promoting exports. That means we need a government that stands up to foreign nations that exclude our products.

Q. Would this more aggressive approach include the use of retaliation against trading partners?

A. If circumstances warrant, the president has to have the ability to retaliate. I don't believe the president will have to use this authority. Retaliation may never happen.

Q. There is a body of opinion that says the budget deficit will never be cured without a tax increase. How do you feel about that?

A. I think Governor Dukakis is making the right decision when he says tax increases are a last resort. Claims that a tax increase is absolutely ruled out are not credible or responsible—no credible in light of what has happened in last few years and not responsible in terms of what could happen.

Q. At the same time, Governor Dukakis has described certain spending cuts and proposed steps to substantially increase revenue yields. It may well be that we may get the budget deficit under control without considering new taxes.

Q. If a Dukakis administration feels that a tax increase is needed, what form would it take?

A. It would have to be progressive. Governor Dukakis has ruled out an across-the-board, value-added tax.

Q. Does this mean an adjustment in income-tax rates?

A. That's as much as I'm going to say.

Q. Are you concerned about the threat of a U.S. recession in the next year or two?

A. If we take the right policy steps, bringing down the budget deficit down, bringing down interest rates so we have an appropriately accommodative monetary policy, we don't have to have a recession. If we do not take those steps, the future is unclear.

Q. What changes would you like to see in the U.S. approach to the world debt problem?

A. I would like to see the problem put in a broader framework than just the financial problems of banks. Senator Bill Bradley has pointed the way in that regard, recognizing economic interests and recognizing U.S. political interests. While levels of growth are stagnating, a rising tide of radicalization will sweep Latin America.

Q. How would you pay for such investment programs?

A. Governor Dukakis believes government should act as a catalyst. Small amounts of government money could provide some leverage and attract funds from the private sector.

Q. The U.S. trade deficit remains a source of worry. Is there anything that a Dukakis administration would do differently in addressing the trade issue?

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Son's Diaries Say Khrushchev Refused to Resist Overthrow

By Felicity Barringer

New York Times Service

MOSCOW — Nikita S. Khrushchev, the burly, boisterous peasant-turned-politician who became Stalin's successor in the Kremlin, at first refused to believe a reliable warning of his colleagues' plot to overthrow him and when forced to believe it, refused to fight.

That is the testimony of the deposed leader's son, Sergei N. Khrushchev, whose riveting diaries of his father's last days in power in 1964 — serialized in four parts ending last Saturday in the weekly magazine *Ogonyok* — have pulled back a curtain from a corner of modern Soviet history that is virtually unknown here and only scantily known in the West.

In a rare interview on Friday, Sergei Khrushchev, 58, said he hoped his diaries, an eyewitness account of those September and October days, would serve to rebut rumors about his father's fall.

The diaries have given Soviet readers not just inside details of the plot, but also a human portrait of the man who until recently was little more in the Soviet Union than a historical wraith, edited out of books and airbrushed out of photographs.

But why did Mr. Khrushchev, the pugnacious heir of Stalin, go

peacefully into the oblivion of an invisible life?

According to his son, it was because of the 70-year-old leader's "understood it was time to go."

"Certainly the way it happened, the method, and the silence that then surrounded him — he rethought these," the younger Khrushchev said.

"He was already looking for a man to replace him, given his age. When it became clear they wanted to replace him, he was certainly faced with a dilemma.

"Should he start a fight? The rules of such fights are that everyone who loses leaves the stage. So in his own terms, he had no chance of winning. If he won, the people he wanted to put in his place would have to leave. And if he couldn't win, why fight?"

The account makes it clear that Nikita Khrushchev considered his own bloodless removal a monument to the changes he had wrought in Soviet politics.

"I've done the main thing," the deposed leader is quoted as telling a fellow Politburo member, Anastas I. Mikoyan, the Soviet president.

"Relations between us and the style of leadership have changed radically. Could anyone ever dream of telling Stalin that he

doesn't suit us and suggesting that he resign? There wouldn't be anything left of us."

Sergei Khrushchev's diaries describe how the first warning of the plot came in a late night phone call to Mr. Khrushchev's villa in the hills overlooking the Moscow River.

It was from a bodyguard of a former member of the ruling Politburo — Nikolai Ignatov, deposed

Soviet Shake-Up Means Western-Style Elections

By David Remnick

Washington Post Service

MOSCOW — Proposed changes in the Soviet Constitution published in the official press Sunday promise to make this spring a season of chaotic, Western-style elections.

For two days official newspapers such as *Pravda* and *Izvestia* have been almost completely taken up with the Communist Party's proposals to shift more administrative power to a new legislature and generally reorganize the national political system. Sunday editions carried drafts for new election laws that, if carried out, would transform political life in the Soviet Union.

The voting changes, which will almost surely be approved next month by the Supreme Soviet, call for democratic elections in April for a new and more powerful legislature, the Congress of People's Deputies. The law guarantees "the right to free and complete discussion of the political, professional and personal qualities of candidates and the right in campaign for and against them."

The only limit on candidates and their platforms is that they do not stand in opposition to the Soviet Constitution. The laws reserve the right for religious leaders to run for the legislature.

Two-thirds of the legislature's 2,250 deputies will be selected in

by Mr. Khrushchev three years earlier.

The bodyguard, Vasili Golyukov, told Sergei Khrushchev that Mr. Ignatov, two Politburo members, Leonid I. Brezhnev and Nikolai V. Podgorny, the KGB chief, Vladimir E. Semichastny, and the Communist Party secretary, Alexander N. Shelepin, were planning to depose Mr. Khrushchev.

But when Sergei told the Soviet leader of the warning, Nikita Khrushchev dismissed it as implausible.

Thereafter, according to Sergei Khrushchev's account, the man who had been schooled in the uses of power during the rule of Stalin made only one effort to check the rumor — he had Sergei and Mr. Golyukov tell the story to his friend, Mr. Mikoyan, the Soviet president.

Mr. Khrushchev then went off to his dacha on the Black Sea.

Mr. Mikoyan later flew down to a neighboring dacha at the government complex in Pitsunda.

He and both Khrushchevs were preparing for a walk when the phone call came from the Kremlin ideologist, Mikhail A. Suslov, summoning Nikita Khrushchev back to Moscow for an emergency Politburo session — allegedly to discuss agriculture.

The Politburo meeting on Oct. 13 was simply a stage-setting, with Mr. Suslov playing the leading role and reading out a bill of particulars charging Mr. Khrushchev with tactics and contemptuous treatment of his colleagues, nepotism and mismanagement of agriculture.

The remaining 750 deputies will not be elected by the general population but rather by particular organizations, including local party organizations, cooperatives, trade unions, veterans and the Komsomol, the Communist youth league.

The voting age is 18, and the minimum age for candidates for the legislature will be dropped from 23 to 21.

The draft law protects the right of the press to cover debates and campaign meetings and to print the final results. In Moscow, various groups have already begun making plans to put up candidates and organize public debates.

The Congress of People's Deputies will elect a president and a smaller, full-time legislature, the Supreme Soviet.

The draft election laws, which took up nearly three full pages in Sunday's *Pravda*, are already the subject of discussion on numerous television talk shows, and the central concern, as with all of President Mikhail S. Gorbachev's efforts at restructuring, is how words will translate into deeds.

But Anghelescu police official cautioned in a telephone interview that investigators had drawn no firm conclusions about the case. They are not even sure if the documents are genuine, they said.

Ms. Rizkallah, 36, was stopped at Milan's Linate Airport by customs inspectors, who generally subject all arriving Lebanese passengers in thorough examinations.

First, they said, they discovered \$1,000 in counterfeit United States currency. Inspecting her more thoroughly, they found 50 grams of heroin and then, inside a false bottom of her handbag, three photographs and three letters, they said.

Two photographs were said to have been of Adam Steen, a journalism professor at Beirut University College, and Terry A. Anderson, a correspondent for *The Associated Press*. The third photograph is still being studied, the senior police official said. At one point the Milanese authorities said that it was of a third hostage, Thomas Sutherland, a dean at the American University in Beirut, but they later withdrew the identification.

One of the letters that Ms. Riz-

kallah was carrying was said to have been written by Mr. Steen. The other two were described Sunday as having been written in coded Italian.

According to the authorities in Milan, the Lebanese woman was to have turned over all these materials to Mr. Anghelescu, who was also questioned in the case but was sent home Saturday, reportedly for lack of evidence against him.

Mr. Anghelescu, 44, has both Italian and Swiss citizenship. Italian press accounts described him variously as part businessman, part arms trafficker and part James Bond.

He was arrested in September 1987 after the Italian police accused 32 people of having sold weapons illegally to Iran and Iraq. The arrests came after the authorities had impounded a Lebanese-registered ship at the Italian port of Bari because arms and drugs had been discovered on board.

On the day that the ship was seized, investigators found in a Bari hotel room a suitcase crammed with papers that were described as implicating several Italian companies in illegal arms deals. That suitcase turned out to be Mr. Anghelescu's.

But after several days of questioning he was released. Soon after, his connections to Swiss and Italian intelligence agencies were dis-

closed, as were details of arms transactions that he had tried to arrange.

■ **Demands by Kidnappers**
Kidnappers holding at least two U.S. hostages in Lebanon announced five demands for their release Sunday, *The Associated Press* reported from Beirut. The United States pay a price that "would reflect adversely" on the captives' fate if the demands were not met.

The threat came in a statement in Arabic signed by Islamic Jihad, which holds Mr. Anderson and Mr. Sutherland. The statement listed these demands:

"A — Release of all our mujahidin from all Arab and foreign jails.

"B — Release of all Lebanese and Palestinian mujahidin from Israeli jails in the occupied lands and its surrogates in south Lebanon's border enclave and East Beirut.

"C — Withdrawal of all Israeli forces and their surrogates from southern Lebanon without any conditions.

"D — Nonintervention in Lebanese domestic affairs and the discontinuation of support for partitionist, isolationist and sectarian forces in Lebanon.

"E — Reconstruction of southern Lebanon and Beirut... and payment of war reparations... to all our oppressed people in Lebanon."

WORLD BRIEFS

Marcos Predicts Vindication in Trial

HONOLULU (UPI) — Ferdinand E. Marcos, the former president of the Philippines, has welcomed the federal racketeering indictment against him as a chance to disprove allegations that he stole millions of dollars from the treasury of his homeland.

It was the first statement by Mr. Marcos since he, his wife, Imelda, and five associates, including the Saudi financier Adnan M. Khashoggi, were charged in New York on Friday. The defendants were ordered to appear Oct. 31 before U.S. District Judge John Keenan in Manhattan. Mr. Marcos's attorney, Richard Filbey, said that the Marcoses would turn themselves in by the deadline but that the time and place still had to be decided. He indicated that the former leader would try to have the arraignment moved to Honolulu, where he is in exile, for health reasons.

"Paradoxical as it may seem," Mr. Marcos said Saturday, "Imelda and I welcome the opportunity to finally show the whole world that these allegations of dishonesty and criminal activity cannot be proven by our accusers. We are confident that we will be vindicated."

[Mr. Khashoggi, who was indicted on charges of racketeering, mail fraud and obstruction of justice in connection with his alleged efforts to help the Marcoses conceal ownership of millions of dollars in real estate and art works, denied to the *International Herald Tribune* on Sunday that he had knowingly violated U.S. law. He said in a statement that "a technical legal question" had been converted into a criminal allegation and that he was confident he would be cleared as the proceedings progressed.]

Pupil Killed at Burmese Gathering

RANGOON, Burma (AP) — A high school pupil was killed Sunday after security personnel tried to arrest 40 persons for illegally gathering at a school building in Mayangon, a Rangoon suburb, the state radio said. Thirty persons ran away when a scuffle broke out, the radio said. It did not say how the pupil was killed. Two students were arrested by the security personnel, the radio said, adding that papers on arms training and identification papers of the Democratic Student Commandos were seized from them.

Students led months of street demonstrations in Burma that ended with a military takeover led by General Saw Maw on Sept. 18. Public meetings of more than five persons have been banned since then. The government has put the death toll at more than 450 in the unrest.

Senate Fails to Act on Truce Funds

WASHINGTON (Reuters) — Congress has refused to authorize the Reagan administration to transfer up to \$150 million to provide a U.S. contribution for possible United Nations peacekeeping operations. The Senate failed to act on a bill passed by the House authorizing the transfer before Congress adjourned for the year on Saturday. The United States has been mediating in peace talks aimed at securing the withdrawal of Cuban troops from Angola and independence for South-West Africa, or Namibia.

The administration had asked for authority to redirect the money, appropriated earlier for other programs, to help pay for UN peacekeeping operations that might be agreed in respect to conflicts in Angola, Afghanistan, the Gulf, Cambodia and the Western Sahara.

9 Indian Soldiers Killed in Sri Lanka

COLOMBO (Reuters) — Nine Indian soldiers were killed Sunday in two incidents in the campaign against Tamil guerrillas in Sri Lanka, Indian officials said.

A spokesman for the Indian High Commission, the equivalent of its embassy here, said seven soldiers were killed when their vehicle ran over a landmine at Ommathai, in northern Vavuniya district. At Batticaloa, in the east, two soldiers and a former Tamil rebel were killed in an ambush by Liberation Tigers of Tamil Eelam guerrillas, the spokesman said. Indian troops have been deployed in the north and east to implement an accord to end a Tamil separatist campaign.

A Tamil was killed and six persons were injured in clashes Sunday between Tamils and majority Sinhalese at Manampitiya, in the north-central Polonnaruwa district, police said. An official said a dispute over fishing in the area set off the fight.

Congress Drops Bid to Sanction Iraq

WASHINGTON (LAT) — Legislation containing sanctions against Iraq for its use of poison gas died in the final hours of the 100th Congress, victim of a Senate-House power struggle despite overwhelming approval for sanctions in both chambers.

Senator Claiborne Pell, a Rhode Island Democrat, said he would continue in the next Congress to seek tough penalties against Iraq for using poison gas against its Kurdish minority in late August. He said he would do so unless he was convinced that the Baghdad regime would never use poison gas again and halt its "cruel policies" against the Kurds. He protested that the Iraqi sanctions were dropped from a compromise bill even though he had been assured that they would be retained in the final version of the legislation. The Congress ended Saturday.

The Reagan administration has opposed any sanctions against Iraq on ground that they would interfere with diplomatic negotiations intended to ensure that the Arab nation forgoes use of all chemical weapons.

TRAVEL UPDATE

Private bus and trucking companies resumed service in Lima and the Peruvian provinces after owners ended a six-day shutdown that had caused delays for hundreds of thousands of travelers. An owners' federation warned Saturday that service would be suspended again in 15 days if a dispute over fares was not resolved. (UPI)

Commuters in the Paris region faced more disruption after two unions filed strike notices Sunday for the coming week on suburban lines and the Paris Metro. Transit officials said they expected disruptions on Monday to be serious on some lines of suburban RER trains. (APF)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Bangladesh, Brunei, Cyprus, Egypt, Ethiopia, Guyana, Haiti, Indonesia, New Zealand, North Yemen, Pakistan, Senegal, South Yemen, Sri Lanka, Swaziland, Thailand, Zambia.
- TUESDAY: Burma, Egypt, Grenada, Taiwan.
- WEDNESDAY: Austria, Benin, Fiji, Ireland, Macao, Rwanda.
- THURSDAY: Zaire.
- FRIDAY: Cyprus, Greece, Turkey.
- SATURDAY: Cyprus, Turkey.

Source: Morgan Guaranty Trust Co., Reuters.

Beirut Hostages: An Italian Connection?

By Clyde Haberman
New York Times Service
ROME — Police officials said Sunday that they were investigating a suspected arms dealer who had links to Italian and Swiss intelligence agencies to determine his role in possible efforts to free American hostages in Lebanon.

The police said that the man, Aldo Anghelescu, was the intended recipient of photographs and documents involving at least two of the hostages that a Lebanese woman was furiously carrying when she was arrested Thursday as she arrived at the Milan airport from Beirut.

Although the precise connection between the two was not clear, the authorities in Milan said they were examining the possibility that Mr. Anghelescu had been expecting to serve as an intermediary in negotia-

tions to free the Americans. The woman, identified as Aline Ibrahim Rizkallah, was under investigation as a possible courier sent by the abductors to establish contact with Mr. Anghelescu.

But Anghelescu police official cautioned in a telephone interview that investigators had drawn no firm conclusions about the case. They are not even sure if the documents are genuine, they said.

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Congress Adopts a Drug Bill And Leaves Legacy of Deficit

By Helen Dewar and Tom Kenworthy

WASHINGTON — The 100th Congress has adjourned after adding a \$2.8 billion campaign-season bill to combat illegal drugs to a wide-ranging list of accomplishments that nonetheless failed to address some of the country's most serious problems.

Adjournment came early Saturday night as members of the Senate adopted the drug measure on a voice vote.

The measure authorizes new education, treatment and rehabilitation efforts while providing tough new penalties for drug users and traffickers. It had previously been adopted by the House of Representatives on a 346-101 vote.

A bill to correct errors in the Tax Reform Act of 1986 was approved by both houses of Congress earlier in the evening. President Ronald Reagan is expected to sign both the anti-drug measure.

Other last-minute enactments included legislation to impose stiffer penalties for using inside information in trading securities, and resolutions proclaiming National Asparagus Week, National Jukebox Week and Uncle Sam Day.

The drug and tax bills were the result of intensive bipartisan bargaining that ended the 100th Congress despite the frictions of the U.S. presidential campaign and congressional contests, as well as the bitter partnership of early fights over the Iran-contra affair and the nomination of Judge Robert H. Bork to the Supreme Court.

Defying conventional wisdom about the paralysis of divided government, the Democratic majority in Congress increasingly assumed the reins of power from Mr. Reagan as he neared the end of his second term.

With Democrats working more often than not with the Republican congressional minority on key issues, Congress completed a solid bipartisan record of achievement in areas such as trade, health, welfare and civil rights.

But, in an unspoken alliance of convenience with the outgoing Republican president, it left behind a daunting stack of unfinished business, topped off by budget deficits hovering around \$150 billion, that will hinder the next president and

next Congress almost from the start.

"There's no question but that big problems are up ahead on the deficit," said Senator Robert C. Byrd of West Virginia, the Senate Democratic leader, in an otherwise glowing assessment of the 100th Congress. Mr. Byrd described it as the most productive since the administration of President Lyndon B. Johnson in the mid-1960s.

Representative Bill Frenzel, Republican of Minnesota, was more critical. "What we've done," he said, "is shuffle a decade of sins and heaped them on the new president and new Congress."

With Democrats taking control of the Senate after the 1986 elections, putting both houses in Democratic hands for the first time during the Reagan administration, Congress moved beyond its cautious indecisiveness of earlier years.

Sometimes overriding Mr. Reagan's vetoes, more often compromising to win his grudging acquiescence, Congress reverted, although cautiously, to the spirit of governmental activism that prevailed in the 1960s and early 1970s.

It put the brakes on Mr. Reagan's big military buildup of the early 1980s, accelerated the rebuilding of social-welfare programs that had been cut in the first Reagan years and embarked on some significant domestic initiatives for the first time in this decade.

But Mr. Reagan remained a powerful constraint, and, aside from highway, clean water and civil rights legislation that was enacted over his veto, little was achieved without his eventual assent.

In contrast to other recent sessions that were marked by a single overriding accomplishment, such as the overhaul of tax law in 1986 or Social Security reform in 1983, the 100th Congress was the breadth rather than depth of its legislative record.

As lawmakers left town Saturday, they could look back on legislative record that clearly against costs of catastrophic illnesses, overhaul the welfare system, expand civil rights protections, fight drug abuse and combat unfair trade practices by foreign countries.

While defying Mr. Reagan in ending military aid to the Nicaragua rebels, the Congress joined with him in halting the bipartisan

Senate vote to approve the Intermediate-Range Nuclear Forces Treaty with the Soviet Union.

But other health-care needs remain, along with housing problems that multiply with each passing year. And few claim that the war on drugs, welfare dependency or unfair trade practices has been won.

Congress also was unable to come to grips with some of its own most pressing problems, including curbs on the soaring, potentially corrupting costs of congressional campaigns.

Most of its failures, including an inability to adopt programs on child care and parental leave for workers, reflected the lack of the strong bipartisan consensus that underpinned most of the legislation that was adopted. Many of these issues are expected to return with renewed force when the 101st Congress convenes in January.



The Senate Democratic leader, Robert C. Byrd of West Virginia, showing off his tie during a lull in deliberations that led to adjournment. With him is the speaker of the House, Jim Wright of Texas.

Ortega Calls Storm Worst in Nicaragua

MANAGUA — President Daniel Ortega Saavedra said Sunday that the hurricane that swept across Nicaragua over the weekend killed at least 50 people and forced 300,000 out of their homes. He called the storm the most destructive natural disaster ever to hit Nicaragua.

"We have confirmed 50 dead," Mr. Ortega said as he toured low-lying slums of Managua on Saturday night. The hurricane killed at least 30 people in other parts of the Caribbean earlier in the week.

Mr. Ortega said that between 50 and 60 people may have died and that several towns were destroyed after the hurricane, designated Jose, hit the east coast on Saturday with winds of 135 mph (215 kph). He said rescue workers were looking for 140 people reported missing in the eastern town of Rama during

the height of the storm on Sunday. "The economic damage is huge, bigger than from any other natural disaster in our history," Mr. Ortega said. He declined to estimate the cost of the destruction but said it exceeded damage from an earthquake that devastated Managua in 1972, killing 10,000 people.

Several towns along Nicaragua's Caribbean coast were destroyed, including the port of Bluefields and communities on Corn Islands about 40 miles offshore. In Bluefields, a town of about 25,000 people, 95 percent of the buildings were destroyed by the storm.

The hurricane plowed out into the Pacific early Sunday after cutting a swathe across the country from the Caribbean. It had weakened over the land, and by the time it reached the Pacific it was downgraded to a tropical storm.

Damage from the hurricane in Managua and western Nicaragua was less severe, but crops were severely damaged.

Mr. Ortega said that at least 300,000 people, almost a tenth of the population, were directly affected by the storm, and were either left homeless or forced to evacuate.

"In Managua, the damage was less than expected," he said, adding that 55,000 people in the capital had been temporarily evacuated.

Most of those killed lived along the Caribbean coast, Mr. Ortega said. He said nine were killed in Bluefields and 55 injured while three died on Corn Islands and 15 were injured. He did not say where the other deaths were said to have occurred.

Julia Preston of the Washington Post reported earlier from Managua: "Placing national forces on a 'maximum combat alert' to deal with the hurricane, President Ortega activated for the first time the national emergency defense system designed for use only in the event of a U.S. military invasion or a natural disaster."

At times Mr. Ortega seemed to be associating the storm with his political enemies, devoting 20 minutes of an 80-minute radio broadcast Saturday to an attack against government opponents.

As soldiers and Sandinista militants were mobilized nationwide, Mr. Ortega himself operated a radio command center at the presidential house in Managua.

Asian Storm Kills 31 At least 31 people were killed in a cyclone that swept across the Bay of Bengal last week, capsizing at least 25 fishing trawlers, according to officials and newspaper reports on Saturday, United Press International reported from Dhaka, Bangladesh.

The cyclone swept across the Bay of Bengal on Wednesday and the newspapers said that about 300 fishermen were rescued by the Bangladesh Navy and other fishing boats but that 1,200 fishermen whose boats never returned to shore were still unaccounted for.

Democrats Accuse Bush of Making Racist Appeal

The Associated Press

WASHINGTON — Senator Lloyd Bentsen and the Reverend Jesse L. Jackson accused Vice President George Bush on Sunday of injecting racism into the presidential campaign by honoring Michael S. Dukakis over the Massachusetts prison furlough issue.

A Bush spokesman said the charge was "absolutely ridiculous and stems from desperation politics."

Mr. Dukakis attended a breakfast in Boston with Mr. Jackson and eight other black political leaders, who pledged to support the Massachusetts governor's campaign in the two weeks before the Nov. 8 election.

The tenor and substance of the Republican ticket's campaign advertising on television dominated the political dialogue Sunday.

Mr. Bentsen, the Democratic vice presidential candidate, told a television interviewer he thought the Bush campaign was making a racist appeal by focusing on William Horton Jr., a black convicted of murder and rape who escaped in 1986 while on prison furlough in Massachusetts. In 1987, he stabbed a white Maryland man and twice

raped his fiancée. Mr. Horton is now in prison in Maryland.

Asked if use of the Horton case constituted "an element of Republican racist appeal," Mr. Bentsen replied: "When you add it up, I think there is, and that's unfortunate, and I just don't want to see this election won on that kind of packaging and that kind of distortion."

In Boston, Mr. Jackson avoided the word "racist" but said the Horton case was one of several "rather ugly race-conscious signals" sent out by the Bush campaign.

The Bush campaign spokesman, Mark Goodin, said that the Republican campaign's television commercials focused not on Mr. Horton but on "how he got out of prison." He said correctly that Massachusetts had granted furloughs to convicted first-degree murderers serving life without the possibility of parole. That policy was rescinded last spring.

Mr. Dukakis Toughens Ads Michael Oreskes of the New York Times reported earlier from New York: After taking weeks of pounding from negative advertising by the Bush campaign, Mr. Dukakis finally

is fighting back in commercials of his own that accuse the vice president of "dragging the truth into the gutter."

One new ad, with the headline "George Bush's False Advertising," says the vice president, while attacking a Massachusetts furlough program that allowed a rapist to go free and rape again, "won't talk about the thousands of drug kingpins furloughed from federal prison while he led the war on drugs."

"One of his furloughed heroin dealers," the ad continues, "raped and murdered Patsy Pedrin, pregnant mother of two."

A second Dukakis commercial opens with a television set playing the Bush campaign commercial in which the Massachusetts governor rides around in a tank as an announcer says that Mr. Dukakis has been against virtually every new weapons system but now wants to be commander in chief.

Mr. Dukakis turns off the set, turns to the viewers and says, "I'm fed up with it. I haven't seen anything like it in 25 years of public life. George Bush's negative TV ads: distorting my record, full of lies, and he knows it."

Many Democrats, even within the Dukakis organization, have

been critical of the campaign for being slow to respond to previous Bush ads that painted Mr. Dukakis as soft on crime and weak on the environment.

Bush Disavows Some Ads Maureen Dowd of The New York Times reported from Washington: In a rare admission that the Republican campaign may be aiming some of its punches below the belt, Mr. Bush has disapproved an anti-Dukakis leaflet distributed by the Illinois Republican State Central Committee.

The leaflet is headlined: "All the murderers and rapists and drug pushers and child molesters in Massachusetts vote for Michael Dukakis. We in Illinois can vote against him."

In response to a question about the leaflet, Mr. Bush said, "I disapprove of that." But, he added, the Democrats had been unfair to him as well.

"I don't back some of the stuff they're saying about me, in one instance in another state out there, that is just as bad," he said.

BUSH: Talk About a Landslide (Continued from page 1) have a District of Columbia strategy.

But it is a mark of how uncertain political professionals are about the electorate's thinking in 1988 that both sides say they are uneasy about the talk of a Bush landslide.

Lee Atwater, Mr. Bush's campaign manager, has worried a great deal publicly about the dangers he says await a candidate who seems to get too far out in front too early.

"Underdog candidacies are an honored tradition in this country," Mr. Atwater said. "You don't want to be Goliath in these situations, because David always seems to come out pretty well."

The Bush campaign, Mr. Atwater insists, will make no changes in response to the new polls. But Mr. Bush himself — anxious to avoid any mistakes that might undo his advantage — was taking it easy, resting Sunday instead of campaigning.

Many in the Dukakis campaign agree with Mr. Atwater's pro-underdog view. Their hopes mirror Republican worries. If Mr. Bush is widely perceived as a likely landslide victor, the reasoning goes, many lukewarm Bush supporters may not bother to vote, and a few might vote for Mr. Dukakis to prevent a Republican landslide.

Mr. Dukakis himself seems to be running a much stronger campaign now that he is well behind, and his advertising is finally as tough as his adversary's. Mr. Dukakis also seems to be using his correct status to identify himself with society's underdogs. "I'm on your side" is the basic Dukakis message for the rest of the campaign.

"It's a tough fight, I know that," Mr. Dukakis says, "uphill all the way. But I'm going to keep on fighting, because what I'm fighting for is our future."

The Democrats' hope is that by running from behind, Mr. Dukakis will endow himself with a heroic image that has eluded him for much of the campaign.

Still, Leslie Dach, Mr. Dukakis's communications director, worries that all the focus on the vice president's advantage will get in the way of what Mr. Dukakis is trying to say in the final days and may detract from his credibility.

"Whatever you say is put into the context of your political situation," Mr. Dach said, "so voters tend to discount what you say as just politics. It's always reported as 'X is happening to him, so he does Y.' Mr. Dach fears that if the political story dominates the rest of the campaign, Mr. Dukakis will get drowned out. "If it's about the future," he says more hopefully, "then we win."

Other Democrats worry that reports of a big Bush lead will dispirit Democratic campaign workers and keep Democrats, not Republicans, from going to the polls.

Last 2 Trapped Whales Balk at Escape Passage

The Associated Press

BARROW, Alaska — Two remaining young whales trapped by ice barked Sunday at following a narrow escape route to open water that was being carved with chain saws by Eskimos.

The smallest and youngest of the original three California gray whales, called Bone by marine biologists, disappeared Friday night and was presumed dead. The whales were stranded by moving ice about two weeks ago before they could migrate south.

A National Guard helicopter hammered at the ice with a five-ton chunk of concrete, but the whales were more than three miles (five kilometers) from open water, with a massive ice ridge in between and a wind shift threatening to push ice around them and trap them further. Eskimos have hacked 60 breathing holes extending more than 1.5 miles.

Rescuers said that even if everything went as planned, it would be at least Wednesday night before they could get the whales as far as the ridge. They said they feared that the whales had barked because of an underwater shoal. A biologist said the depth of the water between the ice and the shoal is only 12 or 13 feet.

Israel Fails In Effort for Soviet Jews

By John M. Goshko

WASHINGTON Post Service

WASHINGTON — Israel has failed in its effort to force thousands of Jews who are emigrating from the Soviet Union to resettle in Israel rather than the United States by requiring them to travel through Romania, according to U.S. officials and American Jewish sources.

The sources said the effort has foundered for now because of the reluctance of the Netherlands, whose embassy in Moscow distributes Israeli visas to Soviet Jews, to take part in a plan that effectively requires recipients to go to Israel or remain in the Soviet Union.

Because of Dutch reticence, they said, the Soviet and Romanian governments have withheld their cooperation with the Israeli plan.

The Reagan administration regards the Israeli effort as violating freedom of choice in emigration.

Thousands of Soviet Jews want to emigrate, and Israel wants to receive as many as possible to bolster its Jewish population.

About 250,000 Soviet Jews left in the 1970s, most of them for Israel. Jewish emigration reached a peak of 51,000 in 1979, after which Soviet authorities cut it sharply.

Under Mikhail S. Gorbachev, the Soviet leader, emigration has risen again. This year, 9,687 Jews had left through August.

The prime minister also criticized Mr. Peres for recruiting King Hussein of Jordan to appear on the "Nightline" program of the ABC television network last week. During the program, the king gave a rapid endorsement to Mr. Peres's peace plan but branded as "absolute disaster" the prospect of a Shamir electoral victory.

EC: Non-Europeans Fear 1992 Means Protectionism

(Continued from page 1)

international dumping rules much further than warranted.

Recent proposals to allow more competitive bidding in government procurement have caused American and Japanese companies to worry that they will be shut out of the competition.

Some non-European competitors find that the only way they can win contracts in certain nations is

ISRAEL: Candidates Clash

(Continued from page 1)

Mr. Peres took the offensive first in the debate, contending that the occupied West Bank and Gaza Strip were a burden and danger to Israel's security and to its future as a predominantly Jewish state.

"Who loves Gaza except for the Likud?" he asked. "Do you know anybody? Is it an advantage or a yoke around our necks? If I take a yoke off my neck, am I giving up something?"

Mr. Shamir responded that Mr. Peres's conference plan would mark "the beginning of selling out Israel."

The prime minister also criticized Mr. Peres for recruiting King Hussein of Jordan to appear on the "Nightline" program of the ABC television network last week. During the program, the king gave a rapid endorsement to Mr. Peres's peace plan but branded as "absolute disaster" the prospect of a Shamir electoral victory.

Israel Fails In Effort for Soviet Jews

By John M. Goshko

WASHINGTON Post Service

WASHINGTON — Israel has failed in its effort to force thousands of Jews who are emigrating from the Soviet Union to resettle in Israel rather than the United States by requiring them to travel through Romania, according to U.S. officials and American Jewish sources.

The sources said the effort has foundered for now because of the reluctance of the Netherlands, whose embassy in Moscow distributes Israeli visas to Soviet Jews, to take part in a plan that effectively requires recipients to go to Israel or remain in the Soviet Union.

Because of Dutch reticence, they said, the Soviet and Romanian governments have withheld their cooperation with the Israeli plan.

The Reagan administration regards the Israeli effort as violating freedom of choice in emigration.

Thousands of Soviet Jews want to emigrate, and Israel wants to receive as many as possible to bolster its Jewish population.

About 250,000 Soviet Jews left in the 1970s, most of them for Israel. Jewish emigration reached a peak of 51,000 in 1979, after which Soviet authorities cut it sharply.

Under Mikhail S. Gorbachev, the Soviet leader, emigration has risen again. This year, 9,687 Jews had left through August.

The prime minister also criticized Mr. Peres for recruiting King Hussein of Jordan to appear on the "Nightline" program of the ABC television network last week. During the program, the king gave a rapid endorsement to Mr. Peres's peace plan but branded as "absolute disaster" the prospect of a Shamir electoral victory.

AMERICAN TOPICS

Why It Costs So Much To Go to Bennington

At \$18,990 a year for tuition, room, board and fees, Bennington College, in Vermont, is the most expensive school in the United States. Yet Bennington has no electron microscope, no computer center and no gymnasium. Student housing is hardly luxurious, the library has a modest 100,000 volumes and the average teacher earns about \$30,000, or 20 percent less than the salary at similar colleges.

One reason for the high price, the New York Times reports, is that Bennington's endowment is only \$3.5 million, because of a previous policy of eschewing donations to maintain its academic freedom. Another is that it gives 51 percent of its students scholarships, which average \$9,300 a year.

Furthermore, Bennington has one teacher for every nine students. Some courses have only one student. The college encourages students to design their own courses. It helps underwrite student projects, like the plans that Ada Vlachoutskou, 23, an ecology major, has for going to Greece to save seals that are being killed by fishermen.

Short Takes

Hotel chains like Hyatt and Westin, using props and spray-blown cement, are converting rooms into Eskimo igloos, desert tents, North Woods cabins, beach cabanas, Venetian gondolas, Cinderella coaches and even space capsules on lunar landscapes. Through rates are higher than normal to cover the decorating expense, business is reported excellent.

A retired airline pilot who sped down the San Diego Freeway at 90 mph (130 kph) last year with his estranged wife clinging to the hood of his car has been sentenced to six years in prison, the maximum penalty. In a custody battle, Russell A. Jobst, 44, drove off with their 19-month-old son while his wife, Madonna Kennedy-Jobst, hung onto the car.

The most popular names for the 230,810 dogs registered with the Los Angeles Department of Animal Regulation are Lady, the choice of 2,794 owners, followed by Max at 2,107, Brandy 1,983, Duke 1,709, Rocky 1,639, Princess 1,599, Ginger 1,590, and Pepper 1,454. Traditional names are far down the list: 59 Fidors and 35 Bowers.

Arthur Higbee

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INTERNATIONAL **Herald Tribune**

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Gorbachev Unanswered

Which American presidential candidate offers more promise in foreign relations? On the most important relationship, this campaign remains, for both candidates, a campaign of missed opportunity. Mikhail Gorbachev challenges America to reshape world politics, and neither George Bush nor Michael Dukakis answers with ideas of interest and weight. Without a clearheaded American strategy, Moscow will set the diplomatic agenda, and a great opportunity for peace and cooperation could be lost.

The Soviet leader proposes reducing long-range nuclear weapons sharply. He proposes cutting conventional forces. He calls for elimination of chemical weapons. The two would-be presidents usually respond with little more than mutterings that they are eager for, yet wary of, arms control. Neither man gives any sign that he has thought about how the United States should respond, about the relative importance of the various arms negotiations and about how serious might affect Pentagon budgets. Nor has either candidate distinguished himself in explaining how he would bargain with Moscow.

Gorbachev resurrects self-defeating, unwelcome nonsense about the need to trade to Soviet "good behavior." He talks as if prospective U.S. military deployments counted for little in Soviet arms control decisions, as if Moscow's agreement to destroy its Euro-missiles were only a matter of economy. The vice president, meanwhile, is no more plausible when he attributes Moscow's generosity at the nuclear bargaining tables almost entirely to the threat of American weapons deployments.

It doesn't take much sense to know that Moscow is driven by both, no less by Mr. Gorbachev's aims and problems than by American might. But not until last week did Mr. Bush fully credit both considerations; and Mr. Dukakis hasn't done so yet. The Democrat still talks about scrapping the two new land-based missiles, MX and Midgeman, and hints vaguely at an alternative. There is nothing here to show that he appreciates the value of a bargaining chip.

Mr. Gorbachev has opened the path to settlements in Afghanistan, southern Africa and elsewhere. Here again, Governor Du-

kakis seems hesitant to acknowledge that U.S. military aid helped bring Moscow around. By contrast, Vice President Bush has a record of understanding the role of power in diplomacy. It would be more interesting if he showed any awareness of the need for serious diplomacy in Central America.

The vice president also seems unable to fathom the potential in Mr. Gorbachev's proposals to expand the use of the United Nations in regional negotiations and peacekeeping. Mr. Bush busily throws raw meat to right-wingers by pledging never to sacrifice an ounce of U.S. sovereignty to any international body. How perverse, even tragic, that at the very moment when the United Nations shows promise of fulfilling its charter, Mr. Bush looks the other way.

There is no alternative to UN forces to keep the peace in Cyprus, the Middle East, South-West Africa and elsewhere. Mr. Dukakis knows that and promises to explore new Soviet ideas for the United Nations and multilateral diplomacy. Whatever the state of bipolar power politics, global issues are coming to center stage. Drug trafficking, ocean pollution, holes in the ozone layer, acid rain and trade wars present monumental challenges to all countries. Mr. Dukakis, at least, has these challenges on his radar screen and seems to possess the intellectual discipline to pursue them.

Who would respond better to all the diplomatic challenges of coming years? Mr. Bush seems more alert to the nasty world of power and intractable conflicts than his opponent. Mr. Dukakis demonstrates more awareness than Mr. Bush of the need for new forms of diplomatic cooperation.

When it comes to the central challenge of relations with the Soviet Union, neither man approaches Mr. Gorbachev's command of foreign affairs, imaginative proposals and grasp of the possibilities for reshaping and readjusting world competition.

If the judgment is limited to foreign relations, it is hard to choose between the candidates. For those who think that the future will follow the familiar path of the present, the choice is Mr. Bush. For those who think that the future can hold unexpected promise, the choice is Mr. Dukakis.

—THE NEW YORK TIMES.

U.S. Justice for Marcos

It is hard to figure out what is the worst aspect of the offenses of which Ferdinand Marcos, the ousted former president of the Philippines, his wife Imelda, Saudi businessman Adnan Khashoggi and seven others now stand accused. Some would say it is the shameful looting of the monies and properties of a country they had treated as a private preserve. Others would observe that the racketeering alleged in a New York grand jury indictment was committed after President Reagan personally gave asylum to the Marcos family in 1986. In any event, the Marcoses will have their day in court, and the victims (including the Philippine government) of any crimes they are found to have committed will have an opportunity to reclaim at least some part of the Marcoses' ill-gotten gains.

It is a bit tricky to accuse foreigners of crimes, especially foreign leaders. The drug indictment of President Manuel Noriega of Panama, for instance, probably made it harder for the United States and others to induce him to do his part in resolving the political crisis in his country by stepping down. Ferdinand Marcos is no exception, but the United States still had to be careful. It had to—and it insists it did—respect whatever assurances it had offered to induce him to leave the Philippines. It had reason to test—and it did, without success—whether forfeiture of the assets in question could be obtained short of indictment.

There was also the consideration of whether indicting Mr. Marcos would undercut any possible effort to induce the next used-up dictator to abandon ship. Here the question was answered by the baldness and scope of the offenses alleged. The operative precedent set is that asylum is not a fleeing dictator's invitation to crime.

Even before the indictments, the Marcoses had become a metaphor for irresponsible greed and the eradication of the line that ought to exist between public office and personal gain. Some accounts suggest that they took out literally billions. The people of the Philippines, who lost the chance to bring the Marcoses to account when they left the country two years ago, should be pleased to see them in an American court-

room. The indictments serve the requirements of American law, but they also serve the requirements of fidelity to a longtime friend, the Philippine nation. Mr. Reagan, it seems, was not without some personal sentiment for a man who had once worked with the United States, but he made the right decision that justice should be done.

—THE WASHINGTON POST.

Indicting a deposed head of state granted asylum in the United States may seem a poor way to treat a guest, but according to a federal grand jury in New York, Ferdinand and Imelda Marcos have treated their hosts shabbily, operating a racketeering enterprise out of their safe haven from the Philippine revolution. If they are convicted, Americans may share the anger of the Philippine government, which still seeks an accounting for alleged looting by the Marcos regime.

Even in dealing with the shadiest national leader, prudence might argue against prosecution. Despoits ought to be encouraged to leave power without bloodshed. But the indictments drawn by U.S. Attorney Rudolph Giuliani charge that the Marcoses committed crimes, including schemes to conceal assets stolen in the Philippines, during the two years since they took refuge in Hawaii.

Those charges include injuries to distinctly American interests. The Marcoses are said to have defrauded U.S. courts by backdating documents to evade court orders freezing their assets, and to have concealed ownership of valuable Manhattan real estate when obtaining bank financing.

According to their lawyer, Mr. and Mrs. Marcos are "deeply disappointed at President Reagan's failure to prevent this treatment of a longstanding ally." But Mr. Reagan said just the other day that he "couldn't have made a blanket statement" of immunity to the Marcoses. He and Vice President George Bush, who toasted Mr. Marcos in 1981 as a great friend of freedom, have their own cause for distress at their former ally's behavior. Whatever the verdict, the Marcoses now know what they should have understood: America's helping hand was not an offer of refuge from American law.

—THE NEW YORK TIMES.

Other Comment

Let's Have the Merry Hour

We have always supported the idea of synchronizing watches with Europe. Summer time in winter and double summer time the rest of the year does not just make telephoning Frankfurt easier; it also means you can have a uicer day. Sacrificing some visibility at the beginning of the day in return for longer, lighter evenings sounds a pretty good deal. You would think that no one, save those who need the cloak of darkness in a good time, could possibly object to this small contribution to a benevolent mercantile [But] farmers, schools and construction companies balk at the idea of their cattle, children and bod-carriers having to plod through early morning gloom to perform their respective tasks. After much thought and calcu-

lation, we present the schools and building sites with the following ingenious suggestion: Delay your starting time by one hour.

—The Observer (London).

Nirvana in Los Angeles

Ah, the Los Angeles Dodgers were indisputably, demonstrably, definitively the best. They achieved that distinction the old-fashioned way. They earned it, first conquering the Mets in the league championship series, then humiliating the A's in the World Series. The Dodgers' victories left these fine opponents in shock. They left Dodgers fans in a state of euphoric numbness heretofore experienced only by a handful of mystics living somewhere in the upper reaches of the Himalayas.

—The Los Angeles Times.

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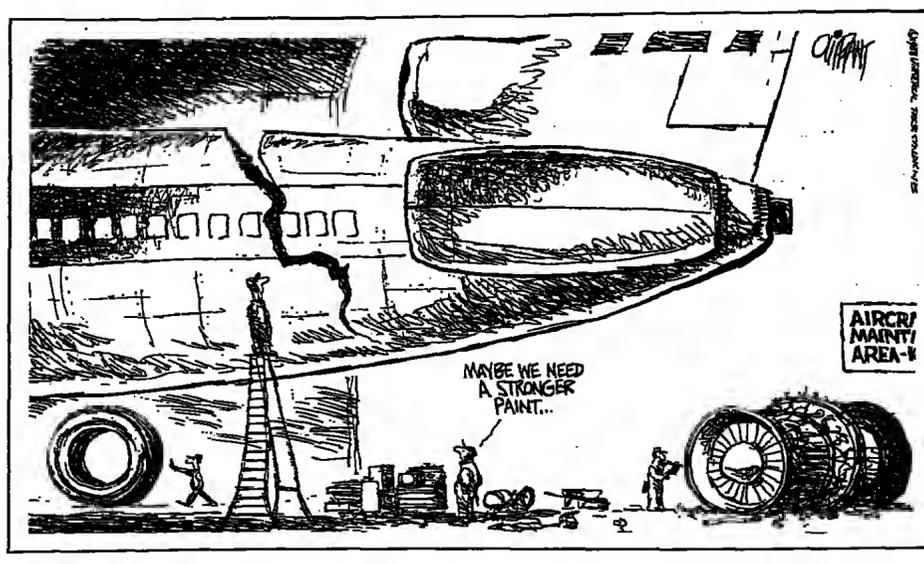
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Israel: Palestinians, Too, Could Hold Elections

By Anthony Lewis

BOSTON — Israel's political campaign, which ends just a week before America's, has similarly featured more inventive than attention to the country's real problems. But through the clouds of rhetoric one can detect something that matters. More of the public is coming to see that Israel must deal politically with the Palestinians.

There was a telling sign of this more realistic view last Monday, Shimon Peres, the Labor leader, and his rival in the party, Yitzhak Rabin, held a joint press conference. If Labor formed the next government, they said, it would offer Palestinians in the occupied West Bank and Gaza free elections to choose delegates to a peace conference.

It is a judgment limited to foreign relations, it is hard to choose between the candidates. For those who think that the future will follow the familiar path of the present, the choice is Mr. Bush. For those who think that the future can hold unexpected promise, the choice is Mr. Dukakis.

—THE NEW YORK TIMES.

What made the joint Peres-Rabin demarche so striking was that until now Mr. Rabin, the hard-line defense minister, has opposed elections in the occupied territories. I have asked him about that possibility several times, most recently in an interview last January. Each time he curtly rejected the idea, saying that it would only bring PLO domination of the elections again.

Why the change of mind now? One immediate political reason is to try to hold Israeli-Arab votes that gave Labor three seats in the last election. They have been slipping away because of bitterness at Mr. Rabin's harsh measures against the Palestinian uprising—his policy of beatings, and more recently the use of plastic bullets that have killed Palestinians as young as a 5-year-old boy.

But when Mr. Peres speaks of representation for "the Palestinian side in negotiations," I think he is talking about something deeper: a growing acceptance among Israelis of the idea that there is a "Palestinian side" and that Israel must talk to it. The uprising in the West Bank and Gaza has been going on for nearly 11 months now. It is as dramatic a demonstration of Palestinian political consciousness as can be imagined. Israel has used more and more force to put it down, but few Israelis who are engaged in the problem believe that force can solve it.

—THE NEW YORK TIMES.

Israel: Heading Neck and Neck Into a New Agenda

By Abraham Rabinovich

JERUSALEM — Israelis are saying that the elections on Nov. 1 will be the most important ever held in the country, as for the first time since the Six Day War voters are asked to make a clear-cut decision on the occupied territories. Yet most Israelis know that these elections are unlikely to produce anything approaching a clear decision.

Theoretically, a clear-cut Labor victory would open the way to negotiations leading to return of the bulk of the West Bank and the Gaza Strip to Arab hands in exchange for peace. A decisive Likud victory would open the way, theoretically, to eventual annexation of all or parts of the territories.

It is a fearful choice—and one so potentially explosive, internally no less than externally, that any government would be loath to move without the backing of a solid public consensus such as that Prime Minister Menachem Begin had when he swapped Sinai for peace with Egypt.

If opinion polls make anything clear, it is that there will be no such consensus on Nov. 1.

—THE NEW YORK TIMES.

national coalition government, appear to be running neck and neck a week before the elections. Likud leaders have indicated that they will favor another national unity government after the elections if they win. Although Labor has dismissed this with a snigger as a formula for four more years of political paralysis, the possibility cannot be ruled out. Cold calculations on the morrow of a narrow Likud victory might well induce Labor to join a coalition government in order to forestall a massive new settlement program or other drastic steps that could upset the tenuous peace with Egypt and start the countdown to the next war.

If Labor wins a narrow victory, it will be hard put to force through territorial concessions. Israel cannot afford the luxury of anything resembling civil war, but the political passions in both camps are enormous. All this, however, does not add up to stalemate. The Palestinian uprising—the intifada—has created a dynamic that appears irreversible, one that may finally provide Israel with a way out of the dilemma of conquest.

For the first time since they found themselves, to their astonishment, astride a mini-empire after the Six Day War, Israelis are being confronted with the realities of being an occupying power ruling a people who will not accept occupation. For 20 years, Israel had been permitted by relative Palestinian passivity and the efficiency of the security services to think of the occupation as a tolerable interim until a political solution could be found. The uprising has not only created serious problems for Israel's self-image and world image but has doubled the amount of time Israelis must now serve on reserve duty—from one month to two.

The political situation has remained unchanged during the intifada, but there has been movement on the psychological plane. The uprising has shown the Israelis and the Palestinians the limits of their power. The euphoria of the early days of the uprising for the Palestinians is now tinged with awareness that the Israelis will not be stampeded even by a popular revolution

that has the sympathy of the world. As an Israeli colonel put it, "We've shown them that if they want to win a war, well, we'll win a war."

The Israelis, for their part, have learned that there is no such thing as an enlightened occupation. They realize that even if the intifada appears to slow down, it will not be snuffed out. The two sides have in a sense been brought closer together by the uprising. The pride wrought by it has permitted the militant Palestinian leadership to flirt in public more frankly than ever with the notion of formally accepting Israel's existence. The uprising has also won Israeli respect. "They're doing what we would have done in their place," a senior officer said.

East-West détente, the end of the Iraq-Iran war, the introduction of missiles and chemical warfare into the region and the possibility that the next American administration will lean far more heavily on Jerusalem for political concessions than did the Reagan administration are additional elements that the next Israeli government will have to weigh.

—THE NEW YORK TIMES.

United Nations: Rush Hour Ahead

By Hans Binnendijk

LONDON — The United Nations turns 43 today, rejuvenated by its Nobel prize for peacekeeping operations and by its successes in managing conflict in Southwest Asia. It will not have time to rest on its deserved laurels. The new year in East-West relations is a fearful choice—and one so potentially explosive, internally no less than externally, that any government would be loath to move without the backing of a solid public consensus such as that Prime Minister Menachem Begin had when he swapped Sinai for peace with Egypt.

Peacekeeping needs are changing in other regions where peace negotiations are under way, such as the Iran-Iraq theater, Afghanistan, Cyprus and possibly Korea. For example, a final settlement of the Iran-Iraq war could be enhanced by UN use of commercial satellites to watch either side of major troop concentrations.

Another challenge for UN peacekeepers comes from recent proposals by Soviet Deputy Foreign Minister Vladimir Petrovsky. The most controversial would have the Security Council "stave off emerging conflicts by setting up observer posts in explosive areas." Mr. Petrovsky also envisioned using large-scale UN deployments stationed in one country to protect that state from external interference.

Dozens of UN deterrent forces could thus be deployed around the world, each at the request of only one party to a conflict. This could place the Blue Helmets in harm's way of the world without negotiated cease-fire agreements or even support from contending parties.

The Soviets have coupled their call for the new UN commitments with bold ideas for meeting these commitments. They envision what amounts to a UN army made up of seconded national forces trained in new UN peacekeeping schools. The superpower would be participating in the new UN army, adding to the tension and risk in already difficult situations.

The Soviet proposals cannot be rejected out of hand. Underlying them may be a Soviet desire consistent with their so-called "new thinking" to reduce their own military involvement in regional conflict. Their general approach in tabling these proposals this year has been to seek consensus rather

than confrontation. The United Nations has to find ways to take advantage of the new Soviet interest in the United Nations without at the same time setting dangerously impossible tasks for its peacekeeping forces.

Another challenge, this time to UN arms control monitoring capabilities, stems from world pressure to stop chemical warfare. Both the upcoming 1925 Geneva Protocol and the ongoing Geneva negotiations could create new UN responsibilities. The United Nations could be called upon to investigate all possible violations of the 1925 ban on the use of chemical weapons or to verify a worldwide ban on chemical weapons possession.

Verifying a worldwide chemical weapons ban would be a nearly impossible task requiring continual inspection of production facilities, potential storage areas and front-line military units in signatory countries. Yet the United Nations could be asked to take this on, since its International Atomic Energy Agency verifies the Nuclear Nonproliferation Treaty.

New financial resources, manpower, training and technology will be required if the United Nations is to have any chance of meeting even the most modest of these challenges. The United States has now successfully reformed UN budgetary and personnel policies, and appears ready to pay its back dues when these reforms are carried out. It has also taken steps to set aside an additional \$150 million out of other accounts to meet these new UN contingency requirements.

Sustaining this new, more positive U.S. approach will be critical if the United Nations is to be guided through these difficult challenges. The Soviet Union, for its part, should avoid bold new proposals which only complicate an already complex set of requirements for the United Nations.

The writer is director of studies at the International Institute for Strategic Studies. He contributed this comment to the International Herald Tribune.

that has the sympathy of the world. As an Israeli colonel put it, "We've shown them that if they want to win a war, well, we'll win a war."

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East-West détente, the end of the Iraq-Iran war, the introduction of missiles and chemical warfare into the region and the possibility that the next American administration will lean far more heavily on Jerusalem for political concessions than did the Reagan administration are additional elements that the next Israeli government will have to weigh.

The Arabs have to weigh not only Israel's enormous military strength but the national will it has displayed in dealing with the intifada and the technological potential revealed by the satellite placed into orbit last month by rockets powerful enough to reach virtually any Arab capital.

It would be wrong to suggest that it makes no difference who wins the coming Israeli elections; a decisive victory could certainly lead to a dramatic move in one direction or the other. Labor has said it will call for an international peace conference and hold elections in the occupied territories to permit Palestinians there to choose their own representatives in peace talks. Likud has said it will offer limited autonomy to residents of the territories and resume the establishment of settlements.

But even if the results are inconclusive, broad forces—political, psychological, economic, military—will undoubtedly move the region along into new configurations. History may provide its own agenda.

International Herald Tribune.

Big Traders Congealing Into Blocs?

By Flora Lewis

PARIS — A watershed in world trade has not far ahead. Decisions during the next American administration can determine long-term health of the U.S. and world economies, affecting politics and defense.

For the moment, many give up space to the principle of more trade freedom, global cooperation and so on. But a December meeting in Montreal will be a hard-fought prelude to the big trade battle looming. The U.S. chief negotiator, Clayton Yeutter, has warned of a "full-scale confrontation" if the Europeans aren't willing to play an end to agricultural subsidies.

While they talk free trade, major players are gearing up for a titanic battle of blocs, with undertones of George Orwell's "1984" vision of a world divided among three powers preeminently at war.

On one side is Europe with its 1992 target for setting up a true common market. The United States has warned against the European Community surrounding itself with barriers that would make a "Fortress Europe," and community officials say it isn't their intention. But they continue to insist on an ill-defined notion of "reciprocity," bargaining off concessions with other countries one by one, the opposite of multilateral free trade.

There is also pressure within the community for a "domestic content" rule, ostensibly to prevent Japanese firms from leaping over the wall by setting up European finishing plants for Japanese-made goods. That would be another form of protectionism.

Washington is getting alarmed about the impact on America. At least one Republican senator has argued that in reprisal the United States should set up a "Fortress America" trading zone, including Mexico as well as Canada. That would more or less inevitably draw in most of Latin America. The presidential campaign has shown how much and how fast protectionism is growing in the United States.

Meanwhile, some senior Western officials are seriously concerned at how far the Japanese have gone toward preparing a bloc of their own. It would embrace not only the "four tigers"—Taiwan, South Korea, Hong Kong and Singapore—but also the less developed ASEAN countries.

That is a hedge. The Japanese would certainly prefer to continue spreading products around the world and buying where they get the best deals. But they are already thinking of an alternative if that should be prevented by protectionism in other regions. Then, so much for American dreams of a great Pacific-rim economy.

It would be with a vengeance, the "Greater East Asia Co-Prosperity Sphere" that the Japanese tried to establish by conquest in World War II. The use of force brought Japan's own destruction. In just two generations, the use of trade and productivity has brought the old vision within reach. There is a lesson in this for Americans who want to entrust their nation's fate primarily to military power.

These are not precisely the three warring blocs that Orwell envisaged: Oceania, Eurasia and Eastasia. But the similarity is too close for comfort, including the possibility of a European-Soviet bloc partnership. Orwell was thinking in politico-military terms with Soviet dominance, and that hasn't happened. The West won, largely because it proved able to deliver the goods and prosper with expanding trade.

Now it is a flourishing Western Europe that is attracting the isolated East. After opposing the community for years, Moscow and its allies are courting it for help in finance and expertise. Comeon, the East bloc's cumbersome and ineffective counterpart, has signed a cooperation agreement with the community. One by one, starting with Hungary, East European countries are also signing up individually.

In the last two weeks, West European banks have made deals providing for \$9 billion worth of credit to the Soviets, mostly for consumer goods industries that Mikhail Gorbachev needs to give perestroika a chance. Prime Minister Ciriaco De Mita of Italy started a current debate of European leaders to Moscow last week, and will be followed by Helmut Kohl and Francois Mitterrand. When he returned, Mr. De Mita spoke publicly of the need for "something like a Marshall Plan" for the Soviet Union, arguing that it could provide "unimaginable commercial advantages." West Germany and France have similar ideas.

The fork in the road to world trade or rival blocs is coming up soon. The United States cannot afford to stand alone, but it has great influence. The implications of the choice need to be perfectly clear.

The New York Times.

100, 75 AND 50 YEARS AGO

1888: Bohemian Ritual

PARIS — The correspondent of the Temps at Vienna says: "It is believed that the Emperor Francis Joseph has made up his mind to give greater autonomy to Bohemia, and the Grand Master of Ceremonies has been ordered to draw up a memorandum as to the proper occasions to be observed upon the occasion of the coronation of a King of Bohemia. The last time that such a ceremony occurred was when Francis I was crowned King of Bohemia at Prague, on Aug. 5, 1792."

1913: A Militant Bride

LONDON — Miss Elizabeth Wetzlar Coit, daughter of the founders of the Spiritualist League, is the first bride to make a practical protest against what the "spiritual militants" call the "moral indignities to women in the marriage service of the Anglican Church." At her wedding yesterday [Oct. 23] to Mr. Thornely C. Gibson, Miss Coit was not asked ei-

ther to "obey" or to "serve" her husband. The words were for the first time in an Anglican church completely cut out of the marriage service.

1938: A Minimum Wage

WASHINGTON — A rush of letters and telegrams from business men seeking answers to questions on the Federal wage-hour law, scheduled to go into effect at midnight tonight [Oct. 23], today kept Wage-Hour Administrator Elmer F. Andrews' staff in a great rush to answer them. In a broadcast, Mr. Andrews said he had no expectation that the 25-cent-an-hour minimum wage provided in the law for industries in interstate commerce would become the maximum. Hour maximum provided in the law will be "self-acting," he said. A worker denied the wage and hour conditions guaranteed has under the measure the right to sue his employer for double the amount of the lawful wages denied him, plus court costs.

Advertisement for 'The MAN Partners Advance' featuring a large image of a man's face and text including 'Rocard E', 'Kohl: Visit', 'SLEEP: Less Is', and 'The MAN Partners Advance'.

Big Trade Congealing Into Bloc

By Flora Lewis

PARIS — A watershed trade treaty not far ahead of the next American election can determine how the U.S. and world will be affected by politics and defense.

For the moment, many eyes are fixed on the principle of free trade, global cooperation and a December meeting of the big trade blocs.

While they talk free trade, players are forming up for a battle of blocs. With leaders George Orwell's "1984" and "Animal Farm" dominating the scene, the future of Europe lies in cooperation and productive competition, and not in destabilizing the other side.

There is also a growing sense of community for a decade or more, ostensibly to prevent firms from leaving the area.

Washington is getting the impact on America. The Republican United States Senate is expected to pass a "Fortress America" bill.

King and Napoleon have been developed into a new breed of "superheroes."

That is, a new breed of "superheroes" is being developed.

"I'm not a superhero," he said, adding that nothing is quite so civilized as a siesta.

"In reducing the duration of your sleep, you automatically make it more profound," Mr. Finchaire says in one of his books, "The Sleep Revolution."

These are the days of the "superheroes" who are being developed into a new breed of "superheroes."

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Rocard Endures His Toughest Week

By Steven Greenhouse

PARIS — Prime Minister Michel Rocard has endured his most embattled week in office, with more than 50,000 government workers taking to the streets of Paris to demand pay increases.

In a huge nationwide job action, mail delivery was halted, subway and train service was cut in half, and half of the nation's teachers stayed home.

About 50,000 government workers marched through Paris on Thursday, and on Saturday 10,000 nurses demonstrated as part of a two-week-long national strike.

A rift in Mr. Rocard's Socialist Party has made his position even more difficult.

What is more, despite Mr. Rocard's efforts to defend the franc, it weakened in trading during the week because of fears that the government would be forced to grant wage rises that would push up inflation and the budget deficit.

From the statements of labor leaders, it appeared that the unrest might worsen this week.

The six major labor federations that staged slowdowns said their leaders would meet early this week.

With nurses, teachers, railroad workers and postal employees all demanding large wage increases, Mr. Rocard did not flinch in his support of wage and budgetary discipline.

"I will not be the prime minister of a mistaken generosity that would ruin our chances of economic recovery," he said.

On his return to Cairo on Sunday night, Mr. Mubarak said the discussions had established "a complete and clear understanding" between King Hussein and Mr. Arafat.

Mr. Mubarak added, "It was a constructive and brotherly dialogue and, God willing, there will be good results."

Mr. Arafat made no immediate, public comment on the talks, and some reports suggested that the initiative had angered radical factions within the PLO that are opposed to both Jordan and Egypt.

The Jordanian decision to sever its 40-year-long ties with the West Bank followed months of protest by Palestinians in Israeli-occupied territory.

The move spurred the PLO into planning a declaration of independence for the occupied territories. It is expected to be announced at a meeting of the Palestine National Council in Algiers next month.

At the same time, King Hussein's decision reduced the importance of Jordan in peace efforts.

Both the United States and Israel refused to deal with the PLO. Egyptian officials have argued that the revival of a joint Jordanian-Palestinian approach was vital to overcome these objections.

According to Mr. Mubarak, Mr. Arafat said in Amman that he was in favor of a confederation with Jordan in the event of Israel relinquishing the occupied territories.

King Hussein has said that he would support a joint Jordanian-PLO delegation to deal with the Middle East peace conference, if such a gathering took place.

The issue is central to the elections in Israel. Foreign Minister Shimon Peres, the Labor Party leader, has expressed support for an international peace conference and the idea of territorial concessions in return for peace.

Prime Minister Shamir opposes both. The Arab strategy in recent days has been to persuade Israelis to vote for Mr. Peres, who supports the so-called "Jordan option."

In pursuit of the strategy they have sought to counter Israeli opposition to the PLO by reviving King Hussein's role.

Mr. Mubarak rejected on Sunday suggestions that the Arab strategy was designed to influence Israel's election. But other Egyptian officials offered different perspectives.

Osama Baz, Mr. Mubarak's chief foreign policy adviser, said the Amman meeting was designed in part to show Israeli voters where their interests lay.

PLO: Rift Narrows

(Continued from page 1)

King as saying that the negotiations had undermined "the special, distinguished relations between the Jordanian and Palestinian people."

More than half of Jordan's population of 2.8 million is of Palestinian origin.

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KOHL: Visit Ends a 5-Year Chill in Bonn-Moscow Ties

(Continued from page 1)

The further the Soviet reform program progresses," he said, "the more capable the Soviet Union will be in any way to cooperate with the Western democracies."

Another official in Bonn said of the Soviets, "You don't fight people you want to do business with."

The official added, "We want to get that message across to Washington."

There are differences among the West Europeans on how far to go in helping Mr. Gorbachev. Prime Minister Margaret Thatcher of Britain has been critical of what she sees as West Germany's excessively accommodating arms-control policies.

During Mr. Kohl's visit, six bilateral agreements are expected to be signed, some of which have been in negotiation since the early 1970s.

They provide, among other things, for increased cultural exchanges and for measures to avoid collisions between the naval forces of the two nations in the Baltic Sea.

For Mr. Kohl, the Kremlin's willingness to receive him comes as a relief and a boost for his political stature at home. Since 1983, he has visited Moscow only to attend the funerals of Mr. Gorbachev's two predecessors.

The Soviets have kept the West Germans at arm's length since the Bonn government's decision in 1983 to deploy U.S. medium-range missiles. Those weapons are being scrapped under the INF Treaty.

Despite the austere view, going back to Aristotle, that early rising makes for health, wealth and wisdom, Mr. Finchaire says there is nothing wrong with going to bed late and getting up late. Some people's body clocks are just set that way.

Mr. Finchaire says taking a sleeping pill is the chemical equivalent of being clubbed on the back of the head, which produces a profound but not necessarily refreshing unconsciousness.

Good sleep is a creative process, during which the mind is at rest but not switched off. It is that time when, as the poet Shelley said, "The gleams of a remoter world visit the soul."

Asked how much sleep he required, Mr. Finchaire said he had been successfully getting by with "very little" while working on his latest book, but he would not say exactly how little.

Comparisons serve no purpose, he said. It is up to each person to find his ideal level by listening more carefully to the signals that nature sends.

Montana in Form on Fashion Trapeze

By Suzy Menkes

PARIS — Claude Montana's collection scaled a peak of perfection in Paris ready-to-wear. His soft fabrics, sculpted shapes and tender colors provided a moment of fashion emotion.

With such a collection, and a decade of creativity behind him, will, and should, Montana take his powerful talent into haute couture?

He made it all seem so easy. The line, from the founding father of the triangular shoulder, was reversed into a trapeze, a narrow top flaring out into an A-line.

It could have been inspired by the newly opened glass pyramid at the Louvre, for Montana's creases shimmered in washed silk and organza. The colors enhanced the airy feel as cloud gray warmed to blush pink and ivory to buttercream and apricot.

The show opened with a gray-green pantsuit, its tunic flowing out of a pleated collar that circled the shoulders to rest lightly on the bosom. The sculpted line wispered of Balenciaga, but the outfit was graphic and modern.

His skill was to take a fluid fabric and give it body and shape. This was the story throughout a show that was dominated by pants. They were tant at the hips before swinging out, softly pleated at the waist, or flared as shorts.

As well as the trapeze tunic, sleeveless and suspended from apron straps, the pants went under knee-length trench coats in butter-soft suedes. Knits were just a passerby and modest.

The trapeze is the new line from the big talents in Paris. But each has a different message.

Issey Miyake, in another beautifully realized show, said it with fabric, making A-line tunics and wide pants in cotton corrugated into the finest pleats, to give stiffness while colors were limpid.

Jump suits in the pleated trapeze shape gave the impression of floating away from the body. Tunics, touched with dusty pink on cream or primrose on gray, flowed over long skirts.

Miyake's striking exhibition, "A Un," in a private showing for the fashion world at the Musée des Arts Décoratifs on Saturday, reinforced the impression that

lieve it as bosoms popped up and over. These exercises in underwear gave a sense of déjà vu to a show with a lot of new ideas.

A Chinese tunic, open at the sides to show a flash of flesh, went over wide pants to create the new A-line. There were cowboy chaps (seen in the September men's collection). A pantsuit with long, fitted jacket and low scoop neck, will bring home the bacon.

Any house in search of a dynamic young designer, might ponder the case of Hubert de Givenchy, who, at 61, came up with a collection that was as fresh as the breezy shoreline and summer meadows that were his themes.

It was peppered with applause and the buyers rose to give Givenchy an ovation.

Givenchy's skirts were short and slim, jackets curved, raincoats short and swifty. Colors



Claude Montana showed this pleated coat over wide pants in his Paris ready-to-wear collection.

SLEEP: Less Is Enough, Expert Says, If You Catnap

(Continued from page 1)

"We yawn, our heads become heavy and our eyelids weigh down and itch. We lose concentration."

The messages seem obvious, but Mr. Finchaire said he was always surprised at the way people ignored them as though it were somehow undesirable to obey them.

During the night the body goes through several sleep cycles, ending with a period of relatively superficial sleep before waking up. It is this last cycle, lasting on average of 90 to 120 minutes, that we can gradually dispense with, Mr. Finchaire said, providing the lost sleep is replaced with daytime naps.

"It is a huge mistake to go 16 hours without sleeping," he said, adding that nothing is quite so civilized as a siesta.

"In reducing the duration of your sleep, you automatically make it more profound," Mr. Finchaire says in one of his books, "The Sleep Revolution."

"Conversely, in sleeping too long, you make your sleep more superficial." Too much sleep is as bad as too little, he adds.

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Mr. Finchaire says history is full of geniuses — such as Virgil, Horace, Darwin, Edison, Napoleon and Churchill, to name but a few — who slept little but well.

"Superman catnap," he said, "and their time counts for double. Growing numbers of executives are coming to recognize this."

He said businesses could markedly improve productivity by providing semidarkened relaxation rooms for their employees, as many companies in Japan do.

Mr. Finchaire has advised Air France on pilot fatigue, which he said was an enormous problem in the industry and a contributing factor to most crashes involving human error. He also believes that many people can never adapt to night work, no matter how long they do it, because we are by nature diurnal animals.

"Not recognizing their body's cyclical need for relaxation, many people go through life out of synchronization with themselves, like the Swiss Guards at the Vatican, of whom Romans joke, 'They get up early but wake up later.'"

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AND 50 YEARS AGO

The MAN Group — Partners for Advanced Technology

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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 523 11 30. Prices may vary according to market conditions and other factors. Oct. 20

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Bid. Includes sub-sections for Australia, Canada, and various international issuers.

Mutual Funds

Table of Mutual Funds with columns for Fund Name, Bid, and Ask prices.

Western Europe (Other)

Table of Western Europe (Other) bond prices, including issuers like Austria, Belgium, and Denmark.

DM Straights

Table of DM Straights bond prices, including issuers like Austria, Belgium, and Denmark.

Supranational

Table of Supranational bond prices, including issuers like Council of Europe and ECSC.

United Kingdom

Table of United Kingdom bond prices, including issuers like Barclays and British Telecom.

United States

Table of United States bond prices, including issuers like AT&T and American Airlines.

ECU Straights

Table of ECU Straights bond prices, including issuers like Austria, Belgium, and Denmark.

Supranational

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United Kingdom

Table of United Kingdom bond prices, including issuers like Barclays and British Telecom.

United States

Table of United States bond prices, including issuers like AT&T and American Airlines.

Yen Straights

Table of Yen Straights bond prices, including issuers like AIDC and American Airlines.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including issuers like Austria, Belgium, and Denmark.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, including issuers like Austria, Belgium, and Denmark.

Main table of bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Bid. Contains a wide variety of international bonds.

Non-European

Table of Non-European bond prices, including issuers like Air Canada and Amstar.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including issuers like Austria, Belgium, and Denmark.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, including issuers like Austria, Belgium, and Denmark.

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WestLB advertisement: Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Luxembourg, Hong Kong. Includes contact information for WestLB.

Large vertical advertisement on the right side of the page, featuring the text 'FROM TELEVISION' and 'MONDAY, OCTOBER 24, 1988'. Includes a large 'H' logo and other promotional text.

EUROBONDS Strong-Currency Issues Draw the Greatest Interest

By CARL GEWIRTZ
International Herald Tribune

PARIS — Lenders and borrowers, showing a rare confluence of interests, made a dash for high-coupon, strong-currency Eurobonds last week, freezing the U.S. dollar completely out of the new-issue calendar for fixed-coupon straight bonds. In new issues in all market sectors, only one was for a U.S. parent company — Ford Motor Co.

The dollar's slide to four-month lows against the Deutsche Mark and yen, without encountering official resistance, accounted for the currency's fall from favor. At the same time, the recent round of takeovers and buyouts, which can quickly turn good credit into bad, diminished the allure of U.S. companies.

Both U.S. credit-rating services announced last week that they had put Philip Morris Co. — which is bidding for Kraft Inc. — and RJR Nabisco, whose management is considering a \$17 billion plan to take the company private, under review for possible downgrades. Moody's Investors Service said that "should a leveraged buyout occur, it is likely to result in sharply increased debt levels for RJR Nabisco and substantially lowered debt-holder protection."

The borrowers who did tap the Euro market had no problem offering investors the high coupons they like or the currencies of their choice, since the issuers could end up with low-cost currencies of their choice through swaps.

The Canadian dollar was the preferred investment vehicle. Canadian borrowers, such as the Province of New Brunswick or the city of Winnipeg, were content to stick with that currency, but preferred tapping the Euro market where they could raise money at slightly lower costs than at home.

Institutional investors like Canadian paper issued by Canadian issuers, once the price has declined to put the yield closer to domestic levels, because experience has shown that domestic Canadian investors will come into the Eurobond market buying such paper once the yields look attractive.

BUT MOST of the issuers last week were not Canadian. For the non-Canadian currency was simply the one that offered the most attractive opportunities. It was the first allowing them to swap the proceeds into low-cost, floating rate U.S. dollars at a range of 25 to 40 basis points — or hundreds of a percentage point — below the London interbank offered rate, and then into low-cost, fixed-rate funds in the currency of their choice.

For Enroforma, which offered 100 million Canadian dollars of eight-year notes, the end currency was French francs. For the World Bank, which sold 150 million five-year Canadian dollar notes, the end swap was into yen.

What the borrowers did with the proceeds was of no interest to investors. They were happy to have paper bearing coupons of more than 10 percent, easily a percentage point more than could be earned buying U.S. dollar bonds, and in a currency that appears likely to appreciate against the U.S. dollar.

At the start of this month it took 1.22 Canadian dollars to buy a U.S. dollar. The rate is now 1.202. Simon Crane, a currency analyst based in Britain, says the exchange rate could easily move to 1.1725. Mr. Crane dismissed talk of a greater near-term appreciation, but bankers say their clients are betting that re-election of Brian Mulroney as the Canadian prime minister on Nov. 21 and subsequent approval of the U.S.-Canadian free trade pact could, over the longer term, push the Canadian unit closer to parity with the U.S. dollar.

Despite this, it was evident that the nine issues last week totaling 900 million Canadian dollars were too much to be absorbed at one time. The Canadian dollar sector is dominated by retail investors, which means placing the paper takes more time than, say, U.S. dollar issues.

Almost all the issues ended the week trading at discounts equal to the underwriting fees. Only one, the World Bank issue, fared better than the fees at less 1.6 points, compared with fees of 1 1/4 points. New Brunswick and Ford Credit of Canada fared less well, trading at discounts larger than the underwriting fees.

Activity was also heavy in European currency units. Here, too, the driving force was the ample opportunity for issuers to swap the proceeds. For investors, the ECU is also a safe harbor against the dollar, even though the unit's weaker components — such as the lira and French franc — are likely to be devalued against the stronger ones like the Deutsche mark and guilder.

While the ECU's relative stability appeals to conservative investors, a major drawback for institutional investors is the relative lack of liquidity in the secondary market. The heavy concentration of retail investors who tend not to trade their holdings and the modest size of most issues makes it difficult for

See EURO BONDS, Page 9

Currency Rates

Cross Rates	Oct. 21	Oct. 21	Oct. 21	Oct. 21	Oct. 21	Oct. 21
Australia	1.58	1.57	1.57	1.57	1.57	1.57
Canada	1.20	1.20	1.20	1.20	1.20	1.20
Deutsche Mark	1.78	1.78	1.78	1.78	1.78	1.78
French Franc	6.55	6.55	6.55	6.55	6.55	6.55
Japanese Yen	160	160	160	160	160	160
Swiss Franc	1.48	1.48	1.48	1.48	1.48	1.48
U.S. Dollar	1.00	1.00	1.00	1.00	1.00	1.00

Changes in London, Tokyo and Zurich. Rates in other centers. New York closing rates. Oct. 21. Currencies in francs. To buy one pound: C. To buy one dollar: U. Units of 100; N.Z.: not quoted; N.A.: not available.

Other Dollar Values	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Canada	0.83	0.83	0.83	0.83	0.83	0.83
Australia	1.58	1.58	1.58	1.58	1.58	1.58
Deutsche Mark	1.78	1.78	1.78	1.78	1.78	1.78
French Franc	6.55	6.55	6.55	6.55	6.55	6.55
Japanese Yen	160	160	160	160	160	160
Swiss Franc	1.48	1.48	1.48	1.48	1.48	1.48

Forward Rates	30-day	60-day	90-day	120-day	150-day	180-day
Canada	1.20	1.20	1.20	1.20	1.20	1.20
Deutsche Mark	1.78	1.78	1.78	1.78	1.78	1.78
French Franc	6.55	6.55	6.55	6.55	6.55	6.55
Japanese Yen	160	160	160	160	160	160
Swiss Franc	1.48	1.48	1.48	1.48	1.48	1.48

Last Week's Markets

All figures are as of close of trading Friday

Stock Indices	Oct. 21	Oct. 14	Change	Money Rates	Oct. 21	Oct. 14
United States	2,183.50	2,133.18	+2.36%	Discount rate	6 1/2	6 1/2
DJ Industrial	1,817.70	1,817.70	+1.74%	Federal funds rate	8 1/4	8 1/4
DJ Utility	107.50	107.50	+2.28%	Prime rate	10.00	10.00
DJ Trans.	97.50	97.50	+2.24%	3-month	7 1/2	7 1/2
S & P 100	268.15	268.15	+2.94%	6-month	3 1/4	3 1/4
S & P 500	283.64	283.64	+2.50%	12-month	4 1/4	4 1/4
S & P Ind.	294.84	294.84	+2.30%	3-month interbank	4 1/4	4 1/4
NYSE Comp.	139.42	139.42	+2.55%	West Germany		
London	1,859.30	1,846.60	+1.02%	Lombard	5.00	5.00
FTSE 100	1,599.30	1,599.30	+1.02%	Call money	4.80	4.75
Japan	12,200	12,200	+0.35%	3-month interbank	5.05	5.05
Nikkei 225	27,401.42	27,305.57	+0.35%	6-month	7.00	7.00
West Germany	1,614.00	1,614.00	+0.91%	Call money	12.00	12.00
Commerzbank	1,614.00	1,614.00	+0.91%	3-month interbank	12.00	12.00
Hong Kong	2,581.00	2,581.00	+0.44%	6-month	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	Call money	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	3-month interbank	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	6-month	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	Call money	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	3-month interbank	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	6-month	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	Call money	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	3-month interbank	12.75	12.75
Hong Kong	2,581.00	2,581.00	+0.44%	6-month	12.75	12.75
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NASDAQ National Market

OTC Consolidated trading for week ended Friday, Oct. 21

Table with columns: Sales, High, Low, Close, Net Change. Lists various stock symbols and their corresponding market data.

Table with columns: Sales, High, Low, Close, Net Change. Continuation of stock market data from the previous table.



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Table with columns: Country/Currency, Toll-Free Telephone Number, 12 months (+52 free issues), One-Year Savings, 6 months (+26 free issues), 3 months (+13 free issues).

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Vertical advertisement on the right side of the page, including 'New Intern', 'ROBONDS', and 'Weaker Do'.

New International Bond Issues

Compiled by G. Jennifer Shapiro

Issuer	Amount (millions)	Mat.	Coups %	Price	Price and week	Terms
FLLOATING RATE NOTES						
Bank of China	DM 200	1993	1/16	100	—	Over 3-month Libor. Noncallable. Fees 0.20% (Commerzbank)
LKB Finance	DM 500	1995	Libor	100	99.65	Interest will be pegged to 6-month Libor. Noncallable. Exchangeable for a 6% bond due 1992. Exchange will be at 100% in May and in Nov. 1989 and at 101% in May and Nov. 1990. Fees 0.25% (Frankfurt & Berthold)
TMC Mortgage Securities Number 11	E 500	2020	0.275	100	—	Over 3-month Libor. Noncallable. Fees 0.40% (Salomon Brothers Int'l)
FIXED-COUPON						
Industrial Bank of Japan	DM 100	1998	6 1/4	101 1/4	—	Noncallable. Fees 2.00% (JTB Germany)
European Investment Bank	E 100	1997	10	100 1/4	99.70	Purchase fund to operate in first 2 years. Fees 1.70% (Paribas)
Westland Utrecht Hypotheekbank	DF 100	1992	5 1/4	101 1/4	—	Noncallable. Fees 1.90% (Algemeen Bank Nederland)
Birelli Financial Services	It. 80,000	1992	12	101.65	100.15	Noncallable. Fees 1.90% (Credito Italiano)
Credit Foncier de France	ECU 60	1994	7 1/4	101 1/4	—	Noncallable. Fees 1.90% (Credito Commercial de France)
European Investment Bank	ECU 250	1995	7 1/4	101 1/4	—	Noncallable. Fees 1.90%. Increased from 200 million ecu. (Swiss Bank Corp. Int'l)
Finnish Export Credit	ECU 100	1994	7 1/4	101 1/4	99.50	Noncallable. Fees 1.90% (Societe Generale)
Ford Motor Credit	ECU 100	1991	7 1/4	101 1/4	99.93	Noncallable. Fees 1.90% (Morgan Stanley Int'l)
Istituto Bancario San Paolo di Torino	ECU 100	1991	7 1/4	101 1/4	99.98	Noncallable. Fees 1.90% (Deutsche Bank Capital Markets)
Sweden	ECU 250	1993	7 1/4	101 1/4	99.90	Noncallable. Fees 1.90% (Banque Paribas Capital Markets)
World Bank	ECU 100	1993	7 1/4	101 1/4	99.88	Noncallable. Fees 1.90%. Long-Term Credit of Japan (Europe)
Creditanstalt-Bankverein	CS 75	1993	10 1/4	101 1/4	—	Noncallable. CS50 million issued now and CS25 million reserved for a 3-month top. Fees 1.90% (Creditanstalt-Bankverein)
Eurofina	CS 100	1996	10 1/4	101 1/4	99.78	Noncallable. Fees 2% (Paribas)
Fiat Finance & Trade	CS 100	1993	10 1/4	101.55	99.65	Noncallable. Fees 1.90% (Salomon Bros)
Ford Motor Credit Canada	CS 100	1993	10 1/4	101.80	99.90	Noncallable. Fees 1.90% (Deutsche Bank)
Genfinance Luxembourg	CS 100	1993	10 1/4	101 1/4	—	Noncallable. Fees 1.90% (Union Bank of Switzerland)
New Brunswick Province	CS 100	1998	10 1/4	101 1/4	98.98	Noncallable. Fees 2% (JBS)
Swedish Export Credit	CS 100	1990	10 1/4	101.30	—	Noncallable. Fees 1.90% (Bankers Trust Int'l)
Winnipeg City	CS 75	1993	10 1/4	101 1/4	—	Noncallable. Fees 1.90% (Wood Gundy)
World Bank	CS 150	1993	10 1/4	101 1/4	100.28	Noncallable. Fees 1.90% (JTB Int'l)
Australia & New Zealand Banking Group	Aus\$ 50	1991	14 1/4	101 1/4	100.75	Noncallable. Fees 1.90% (ANZ Merchant Bank)
Australian Telecommunications Commission	Aus\$ 150	1992	12 1/4	98 1/4	96.93	Exchangeable for a domestic bond with same maturity and coupon. Fees 1.90% (Samuel Montagu & Co)
Banque Nationale de Paris	Aus\$ 60	1991	14	101 1/4	100.48	Noncallable. Fees 1.90% (Banque de Zonen Weck)
Bank of Nova Scotia	Aus\$ 75	1990	14 1/4	101 1/4	100.30	Noncallable. Fees 1.90% (Salomon Bros)
BP America	NZ\$ 60	1990	14 1/4	101 1/4	100.35	Noncallable. Fees 1.90% (Morgan Stanley)
Bergan Bank	Nor\$ 12,500	1992	7 1/4	101 1/4	—	Callable and redeemable in 1991, with redemption amount that end of maturity linked to the level of the Nikkei 225 stock index. Fees 1.90%. Denominations 50 million yen. (Nippon Credit Int'l)
Komatsu Overseas Finance	Y 15,000	1993	6.80	102	—	Coupon will be payable in Australian dollars. Noncallable. Fees 2%. Denominations 100 million yen. (Nippon Credit Int'l)
World Bank	Y 50,000	1993	4 1/4	101 1/4	—	Noncallable. Fees 1.90% (Yamaichi Int'l Europe)
EQUITY-LINKED						
Nippon Storage Battery	\$ 50	1992	open	100	97.75	Coupon indicated at 5.00%. Each \$5,000 note with warrant exercisable into company's shares of an expected 25% premium. Terms to be set Oct. 25. Fees 2.00% (Mitsubishi Securities Europe)
SMK	\$ 60	1992	open	100	97.50	Coupon indicated at 5.00%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of an expected 25% premium. Fees 2.00%. Terms to be set Oct. 25. (Wolfs Int'l)
Tokyo Electron	\$ 150	1992	open	100	99.13	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares of an expected 25% premium. Fees 2.00%. Terms to be set Oct. 25. (Nomura Int'l)
Dynic	DM 60	1993	2 1/4	100	94.75	Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares of 1.312 yen per share and of 71.04 yen per mark. Fees 2.00% (Deutsche Bank)
Hokuriku Electric Industry	DM 100	1993	2 1/4	100	96.50	Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares of 792 yen per share and of 70.57 yen per mark. Fees 2.00% (Nomura Europe)

EUROBONDS: U.S. Dollar Issues Prove Unpopular

(Continued from first finance page) professional investors to buy and sell the large blocks in which they are accustomed to dealing.

In an effort to overcome this handicap, bankers are trying to add depth to the secondary market by bringing new issues that are fungible, or interchangeable, with existing bonds. The latest example of this was Credit Foncier, which last week offered 60 million ECU (\$51.5 million) of 7 1/4 percent bonds maturing in 1994.

Credit Foncier in early 1987 sold 150 million ECU of 7 1/4 percent bonds maturing in 1994 and in two stages earlier this year added another 120 million ECU. The latest addition raises the amount outstanding to 330 million ECU, making it the second largest ECU bond after the giant European Community issue of 500 million ECU.

Lack of liquidity has also kept institutional investors away from Australian dollar Eurobonds, and in an effort to address this situation Samuel Montagu arranged a 150 million Australian dollar issue for

the Australian Telecommunications Commission that is exchangeable into a domestic issue.

The Eurobond has the same terms—a coupon of 12 1/2 percent maturing in 1992—as the domestic bonds of ATC, of which \$08 million Australian dollars are outstanding, making it one of the largest domestic corporate issues. Thus, holders of the Eurobond who want to sell but can't because the market is too thin can convert to a domestic bond and sell it in the Australian market.

The exchange, however, is a bit complicated. Interest on the Eurobond is paid annually, and it is paid semi-annually on the domestic issue. Thus, an adjustment has to be made to account for this difference.

The second interest that has to be met—the amount earned on the Eurobond—is sold, and the amount to be paid on the domestic issue is purchased. Since domestic interest is paid semi-annually, the investor selling the Eurobond in the second-half of the year would be entitled to a cash payment from

Telecom on the Eurobond's accrued interest.

The cost of making all these calculations is an administration fee of 5 basis points. Supposedly all this will be unnecessary since the knowledge that the bonds can be exchanged should result in a very liquid market for the Eurobond.

"The aim," a Montagu official said, "is to bring the liquidity of the domestic market to the Eurobond market."

However, because the Eurobond is exchangeable and because interest is paid free of the domestic 10 percent withholding tax, it was priced to yield some 25 basis points below the current yield on the domestic issue.

Critics said that was too expensive. But spokesmen at Montagu dismissed the criticism as bunk-buck. The view at Montagu is that ATC's government-guaranteed Eurobond is still yielding 40 basis points more than Australian government bonds, and is about as liquid as government paper.

Weaker Dollar Puts a Dent in Prices

NEW YORK — Bond prices finished mixed last week, leaving analysts with divergent views about short-term trends.

Philip Braverman, chief economist of Irving Trust Securities, said bond prices were experiencing a setback based in part on a weaker dollar, fears that the Federal Reserve, the U.S. central bank, would be forced to tighten credit, and higher oil prices.

But Mr. Braverman, in his weekly credit market report, said he expected that the dollar would stabilize, oil prices would weaken and the Fed would not find it necessary to raise interest rates in the near term.

Securities dealers said Friday that many investors and speculators were waiting on the sidelines to see whether Congress passes legislation enabling the government to sell new bonds for the first time since May.

Treasury bond prices ended mixed. The price of the Treasury's bellwether 9 1/2 percent bond that matures in 2018 rose slightly to 102 19/32 from 102 12/32. Its yield, which moves inversely to price, declined to 8.87 percent from 8.90 percent the previous Friday.

The government's latest 10-year notes ended the week at a price of 102 24/32, down from 102 26/32 the week before. The yield on the notes rose to 8.82 percent from 8.81 percent.

The Shearson Lehman Hutton Inc. index of long-term Treasury bonds fell 2.34 points to 1,254.20.

The rate charged on overnight loans between banks, the Federal funds rate, rose to about 8.25 percent from 8.06 percent, according to Salomon Brothers Inc.

The market reacted little to Friday's report on consumer prices for September. Higher food and clothing costs pushed the consumer price index up a seasonally adjusted 0.3 percent in September, compared with increases of 0.4 percent in July and August.

"Really what the report did was

Mountains of Cash on the Move for Takeovers

By Carl Gewirtz
International Herald Tribune

PARIS — A striking feature of the current low-inflation, high-real-interest-rate environment is the enormous amount of cash available on short notice to finance corporate takeovers. This abundance was on the move last week to finance the Philip Morris offer for Kraft Inc. as well as part of RJR Nabisco's drive to become a private company.

Philip Morris' takeover bid is valued at \$11.5 billion. But in the matter of a few days, the company's request for a five-year credit of \$12 billion was more than four times oversubscribed, bankers report.

The loan, arranged by Citicorp, carries an annual facility fee of 10 basis points, or 0.1 percent, which is to be paid on the full amount whether it is used or not. Interest on the loan is set at 25 basis points over the London interbank offered rate.

Citicorp and Bankers Trust are together organizing a loan of some \$7 billion as part of the \$17.6 billion total financing being arranged by Shearson Lehman Brothers to privatize RJR Nabisco.

Also last week, European banks led by Samuel Montagu provided a \$2 billion credit to News International Co. to finance its proposed \$3 billion acquisition of U.S.-based Triangle Publications Inc.

The bank loan is evenly split between a short-term facility and a five-year credit. Interest on both is set at 50 basis points over Libor with a commitment fee on undrawn amounts of 37 1/2 basis points.

All this comes on top of the \$6 billion loan put together earlier this month to finance Grand Metropolitan's contested bid for Pillsbury, and the \$1.4 billion lent to Minorca for its hostile offer for Consolidated Gold Fields.

Economists take a relaxed view of the easy availability of bank funding. The deregulation in financial markets over the past decade, they say, has facilitated the capacity of banks to raise funds in one market and lend them out in another.

At the same time, the capacity of the acquiring company to subsequently issue junk bonds to repay the bank debt means that the banks are only providing short-term financing.

In addition, says Dwight Jaffe, professor of economics at Princeton University, the liquidity should be viewed as a "circulating pool."

"Company A borrows from the banks to buy company B, but B's shareholders deposit the funds they receive with the banks," he explained. Mr. Jaffe added that "de-regulated markets allow that pool to circulate more rapidly."

Peter Oppenheimer, economics professor at Oxford, says the only question to ask is why companies are willing to borrow when real interest rates are still so high. The obvious answer, he says, is that businessmen see their takeover targets as assets that are undervalued in the public market.

Nevertheless, Mr. Oppenheimer sees "elements of malfeasance."

"Whenever there is a splash in lending you have got to ask whether those who are getting themselves up with debt could become over-indebted and go bankrupt. That has got to be a risk."

In the more mundane arena of medium-sized, medium-term syndicated bank loans, last week saw these companies enter the market:

- Framatome, the French builder of nuclear power stations, appointed F.R. Morgan, Bankers of Union Européenne and Barclays to arrange a five-year credit of \$250 million, or the equivalent in French francs. The life of the facility can be extended to seven years.
- Interest is set at 10 basis points over Libor or 12 1/2 basis points over

the Paris interbank rate if up to half the amount is drawn and 15 or 17 1/2 basis points over the respective base rates if more than half is used.

- Interhome Energy of Canada, an integrated energy company 48 percent owned by Exxon and Olympia & York, named Credit Suisse First Boston to lead a \$200 million note issuance facility for eight years. The annual underwriting fee is 10 basis points and the interest margin is set at 10 basis points over Libor. If more than half the amount is drawn there will be an additional utilization fee of 7 1/2 basis points.
- Trelleborg, a Swedish industrial group, named Bank of America to arrange a \$150 million, five-year credit. The company will pay an annual facility fee of 6 1/2 basis points. Interest is set at 7 1/2 basis points over Libor but this rises by 5 basis points if more than one third is drawn and by 7 1/2 basis points if more than two thirds is drawn.
- Agusta, the Italian aerospace firm owned by the state holding company Efim, named Citicorp to arrange a \$100 million, seven-year credit with interest set at 20 basis points over Libor. There is a commitment fee of 10 basis points if less than half is drawn and 8 1/2 basis points if more than half is drawn.
- Bharat Heavy Electricals Ltd., owned by the Indian government, named Sanwa Bank to arrange a \$100 million credit for 10 years. Half is a tax-spared loan bearing interest at Libor and half is a normal credit with interest at 25 basis points over Libor.
- The central bank of Turkey is also in the market refinancing a one-year export-financing credit of \$100 million. Interest is set at 75 basis points over Libor or the higher of Chemical Bank's prime rate minus 15 basis points or the Federal funds rate plus 50 basis points.
- Although Turkey has established a Euro-commercial paper program, where it raises money at some 40

Argentina Trims Curbs On Imports

BUENOS AIRES — Argentina has launched a controversial plan to open its economy through a reduction in import restrictions.

The new plan will radically alter Argentina's economy, which has traditionally favored the internal market to the detriment of foreign trade, economic analysts said. They said the plan allowed free import of products without prior authorization from the government or the industrial sector.

The business community opposed the plan, warning that foreign competition would destroy weak local industries. But the government said that the move would, in the longer term, boost exports.

President Raúl Alfonsín said Friday, "We must find the means not only of producing for ourselves but of seeing the world also as an opportunity."

The Economy Minister, Juan Sourrouille, said the plan was "a new step in the country's economic integration with the world."

Business sources compared the plan with a similar one introduced by the former military government. Through the plan, the average import tax on about 2,000 products, mostly raw materials for the industrial sector, will be 30 percent.

The government said local industries would be protected through periodic evaluations of the market, Argentina's currency, against the dollar.

Argentine exports in the first seven months of 1988 were worth \$4.7 billion, while imports during that period totaled \$3.04 billion.

Government officials said an improved trade balance would help lessen the burden of Argentina's \$56 billion foreign debt.

OPEC: Iran-Iraq Dispute Stymies Plan

(Continued from Page 1)

oil expert in Vienna. "Even if they reach a solution by the end of the year, oil companies have built stocks of cheap oil to keep oil prices down for a long time. The only thing that will keep prices from collapsing now is the faint hope of an OPEC accord in November."

Iran had earlier led a number of ministers to believe that the country would accept the output plan if it were packaged in order not to appear as a victory for Iraq. The nations remain wary of each other despite a cease-fire agreement that has suspended their military conflict since August.

The output quotas used by OPEC, which give each member a certain percentage of total output, have been based on a formula in existence since 1986. But individual quotas have been exceeded in recent months and many OPEC members have been producing well above their official ceilings.

Iran has consistently refused to yield to requests by the Arab group of Gulf oil producers, led by Saudi Arabia, to allow an increase Iraq's official quota from a theoretical 1.6 million barrels a day—which Iraq has never accepted—to 2.3 million barrels a day.

Iran has contended that the size of its population, which is three times that of Iraq, should allow it to have a much percentage of total OPEC output than Iraq.

While the two nations remained at odds, Iraq has continued to pump as much as 2.7 million barrels of oil a day, making it the second largest OPEC producer, after Saudi Arabia.

In an attempt to offer Iraq a form of parity, Iran suggested a scheme in which domestic consumption of both nations would be excluded from their OPEC quotas. But Iraq rejected the plan because Iran says it has a domestic consumption of 1 million barrels a day and claims that Iraq's domestic consumption stands at only 300,000 barrels. Oil industry sources say Iraq's actual domestic consumption is around 400,000 barrels, while Iran's consumption is between 600,000 and 700,000 barrels.

Iraq has said privately that it would not accept "one liter less than Iran" in any quota system. The impasse has split OPEC for the past two years.

Nevertheless, faint hopes for an eventual agreement remained alive. Speaking in an interview early Sunday, the Iranian oil minister Chaharmahal Agazadeh said his country cannot accept "straight parity with Iraq," suggesting some face-saving formula may be found to prevent any agreement from looking like another political setback for Iran.

"We will not accept parity as parity," the Iranian said. "If it comes to that, my country which has suffered from low oil prices during the war can probably tolerate them during the peace, too."

OPEC ministers said they would meet to try again for an accord between the belligerents in Vienna on Nov. 17. Many said what is needed is a compromise formula that Iran can live with, but that will give Iraq parity.

A number of oil industry officials said this may be difficult, arguing that what happens OPEC output is still at record levels for the past five years and will continue to push prices down. They also noted OPEC has a number of other discipline problems that must be addressed, including the rampant output of the United Arab Emirates.

Euromarts At a Glance

Market	Oct. 19	Oct. 20
U.S. 5 yr. T-bill	92.32	92.35
U.S. 10 yr. T-bill	92.32	92.35
U.S. 30 yr. T-bill	92.32	92.35
U.S. 1 yr. T-bill	92.32	92.35
U.S. 6 mo. T-bill	92.32	92.35
U.S. 3 mo. T-bill	92.32	92.35
U.S. 15 day T-bill	92.32	92.35
U.S. Fed. Funds	8.25	8.25
U.S. 3 mo. Eurodollar	8.25	8.25
U.S. 6 mo. Eurodollar	8.25	8.25
U.S. 1 yr. Eurodollar	8.25	8.25
U.S. 2 yr. Eurodollar	8.25	8.25
U.S. 3 yr. Eurodollar	8.25	8.25
U.S. 4 yr. Eurodollar	8.25	8.25
U.S. 5 yr. Eurodollar	8.25	8.25
U.S. 6 yr. Eurodollar	8.25	8.25
U.S. 7 yr. Eurodollar	8.25	8.25
U.S. 8 yr. Eurodollar	8.25	8.25
U.S. 9 yr. Eurodollar	8.25	8.25
U.S. 10 yr. Eurodollar	8.25	8.25
U.S. 11 yr. Eurodollar	8.25	8.25
U.S. 12 yr. Eurodollar	8.25	8.25
U.S. 13 yr. Eurodollar	8.25	8.25
U.S. 14 yr. Eurodollar	8.25	8.25
U.S. 15 yr. Eurodollar	8.25	8.25
U.S. 16 yr. Eurodollar	8.25	8.25
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U.S. 48 yr. Eurodollar	8.25	8.25
U.S. 49 yr. Eurodollar	8.25	8.25
U.S. 50 yr. Eurodollar	8.25	8.25

Wall Street Review

NYSE Most Actives						AMEX Most Actives					
Vol.	High	Low	Last	Chg.	Vol.	High	Low	Last	Chg.		
IBM	202 1/2	202 1/2	202 1/2	+ 1/2	IBM	100	100	100	+ 1/2		
AT&T	150 1/2	150 1/2	150 1/2	+ 1/2	AT&T	50	50	50	+ 1/2		
GE	120 1/2	120 1/2	120 1/2	+ 1/2	GE	30	30	30	+ 1/2		
Westinghouse	80 1/2	80 1/2	80 1/2	+ 1/2	Westinghouse	15	15	15	+ 1/2		
General Electric	70 1/2	70 1/2	70 1/2	+ 1/2	General Electric	10	10	10	+ 1/2		
IBM Corp.	60 1/2	60 1/2	60 1/2	+ 1/2	IBM Corp.	5	5	5	+ 1/2		
AT&T Int'l.	50 1/2	50 1/2	50 1/2	+ 1/2	AT&T Int'l.	3	3	3	+ 1/2		
GE Int'l.	40 1/2	40 1/2	40 1/2	+ 1/2	GE Int'l.	2	2	2	+ 1/2		
Westinghouse Int'l.	30 1/2	30 1/2	30 1/2	+ 1/2	Westinghouse Int'l.	1	1	1	+ 1/2		
General Electric Int'l.	20 1/2	20 1/2	20 1/2	+ 1/2	General Electric Int'l.	1	1	1	+ 1/2		
IBM Int'l.	10 1/2	10 1/2	10 1/2	+ 1/2	IBM Int'l.	1	1	1	+ 1/2		
AT&T Int'l.	5 1/2	5 1/2	5 1/2	+ 1/2	AT&T Int'l.	1	1	1	+ 1/2		
GE Int'l.	3 1/2	3 1/2	3 1/2	+ 1/2	GE Int'l.	1	1	1	+ 1/2		
Westinghouse Int'l.	2 1/2	2 1/									

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table of NASDAQ National Market data, including columns for Stock Name, Sales, High, Low, Close, and Net Change. Includes sub-sections (Continued), M, N, O, and P.

Table of American Exchange Options data, including columns for Option Name, Call, Put, and Price.

American Exchange Options

Figures as of close of trading Friday, Oct. 21

Table of Chicago Exchange Options data, including columns for Option Name, Call, Put, and Price.

Chicago Exchange Options

Figures as of close of trading Friday, Oct. 21

Table of ESCORTS & GUIDES data, listing various services and contact information for different cities.

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

Advertisement for ESCORTS & GUIDES, listing various international services and contact information for different cities.

Large advertisement for COCOA, featuring an illustration of a person and text describing the product and its benefits.

West Africa: Balancing Extremes

Region's Integration Efforts Are Slowed by Recession

'Salvation lies in our individual and collective will to transform our economies by ourselves.'

By Gerald Bourke

ABJIDJAN — The recent controversy over the dumping of toxic waste in West Africa was something of a political windfall for the region's leaders, creating a chance for a display of collective indignation and prompting a flurry of national laws to prevent such practices.

In the 30 years since the countries in the region achieved independence, there has been no shortage of lofty official pronouncements about the need to pull together. Yet most attempts at cross-border cooperation have foundered.

The latest casualty is Air Afrique, the carrier owned by 10 French-speaking West and Central African countries. With operational losses and debts at record levels, responsibility for running the region's biggest home-grown multinational is about to be handed over to a Frenchman. The airline was set up 27 years ago as a symbol of political and economic solidarity, but member states consistently failed to honor their capital subscriptions; ministers parachuted compatriots onto the staff; and government officials traveled free.

Governments may be battling down the national hatches, but they continue to pay lip service to the notion of regional cooperation and integration.

President Ibrahim Babangida of Nigeria, the outgoing chairman of the 16-nation Economic Community of West African States, or ECOWAS, which was created to promote trade and self-reliance in the region, told fellow heads of state during a summit meeting in Lomé, the Togolese capital, last June: "It is obvious that our salvation lies in our individual and collective will to transform our economies by ourselves."

During a subsequent, no-holds-barred speech, the man who assumed the chairmanship, Sir Dawda Jawara of Gambia, scolded member states for failing to come to grips with regional issues and consistently failing to meet the objectives of the organization they set up in 1975.

"Progress has been painfully slow, as year after year new targets are set and we move from the problematic to what is in danger of becoming the unsustainable," he said.

The problem derives partly from the huge disparities between the former British, French and Portuguese colonies that make up the group. Sir Dawda and Major General Babangida may speak the same language, but their countries have little else in common. Gambia is a multiparty democracy where a few hundred

thousand people scratch a meager living off the land. Nigeria is ruled by the military, the well-being of its 100-million-plus population largely dependent on the fortunes of the oil industry. To compensate for differences in size and structure, considerable energy has been devoted to the establishment of small, subregional groupings — the theory being that geographical proximity and a certain degree of homogeneity will help forge deeper links and accelerate the pace of integration.

But most of the 30 or so practical experiments have been disappointing. The Mano River Union, set up by Guinea, Liberia and Sierra Leone to encourage joint development projects, has been plagued by problems. Political squabbles — like that which erupted recently when Liberia expelled more than 100 Sierra Leoneans — can undo at a stroke initiatives that may have taken years of painstaking negotiation. Now the organization is on the verge of collapse owing to the failure of its members to pay up pledged financial contributions.

THE Senegal River Basin Development Authority, which groups Mali, Mauritania and Senegal, has never wanted for money to finance its ambitious plans. Foremost among them was the \$575 million Manantali Dam, 1,000 kilometers (600 miles) upriver, commissioned last March. Conceived in 1972 as a way to roll back the Sahara Desert, turn chronic food-deficit countries into bread baskets and supply the region with electricity, the most expensive development project ever undertaken in the Sahel, the semidesert fringe of the Sahara that extends from Mauritania to Chad, has not come close to achieving any of these objectives. Only one — the conversion from rainfed to irrigated agriculture along the river banks — is now being pursued.

Fifty thousand hectares (123,000 acres) of land — 15 percent of the original target — has been developed, but a third of that remains unused. Farmers' incomes have not risen above subsistence level, and many have reverted to traditional pasturing practices. Given that it costs \$18,000 to transform a hectare, it is unlikely that much more will be developed.

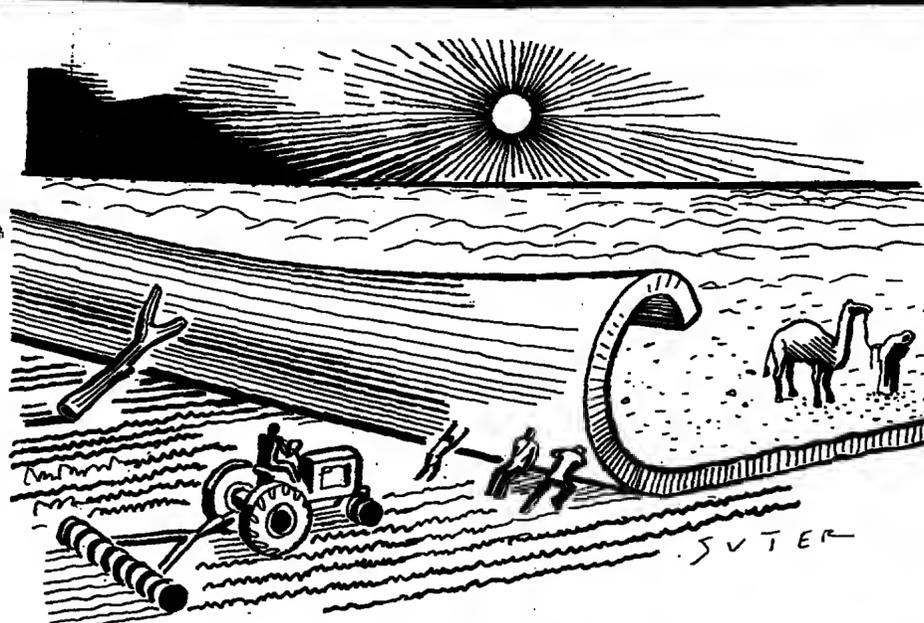
Such failures are largely understandable. West African countries, most of them among the poorest in the world, are in the throes of the deepest economic recession since independence.

With commodity prices continuing to tumble, their dependence on a narrow range of vulnerable exports has proven to be little short of catastrophic. Few are able to repay the loans that they took out to launch industry and infrastructure programs when markets were kinder.

What little industry exists is starved of the foreign exchange needed to import raw materials and spare parts. And when the vagaries of a hostile climate — which inflicts drought, flooding and locust infestations in turns — are added, the cocktail assumes poisonous proportions.

The antidotes prescribed, or at least inspired, by the International Monetary Fund have yielded more resentment than results. Devaluations, tax hikes and spending cuts may improve efficiency, but they slow expansion.

West Africa's gross domestic product fell by 0.6 percent in 1986 and grew by just that margin last year, according to the United



Natural Disasters Plague Economy

By Maryann Fitzgerald

ACCRA — At Oualata in northern Mauritania there are two projects being carried out simultaneously. One is to dig out the town's mosque that is threatened by encroaching Saharan sand. The other is to excavate channels to divert flooding caused by unseasonal rain.

Mauritania, like the rest of West Africa, is plagued by disasters of biblical proportions. This year's heavy rain has delayed Ghana's district council elections because of floods in the north and west of the country, officials said. Sierra Leone appealed for international food aid on Sept. 30, because its entire harvest was destroyed by the worst floods in decades. And floods have damaged crops in northern Kano State in Nigeria.

Unusually wet years, such as 1988, are harbingers of locusts, whose eggs thrive in moist soil. West Africa may be on the edge of its worst locust plague

in 30 years. This October, the month of harvest, locusts moved southwest from Mauritania, Niger and Mali into Senegal in swarms so vast that they clouded the sky for three hours. Locusts eat their own weight in food daily and cut a swathe of devastation wherever they go.

The rains have relieved 15 years of drought. In the Sahel, it brought millions of people so close to catastrophe that it will take at least a generation for many families to recover. It also put the coastal countries into food deficit.

In Ghana, the famine was sharpened by bush fires that destroyed what little was left in the fields. Ghanaian diplomats who attended the 1983 Organization of African Unity summit meeting in Addis Ababa were shipping home sacks of potatoes and tomatoes from drought-stricken Ethiopia.

What is normal, drought or flood? "Both," said Ben Khader, the United Nations Food and Agriculture Organization representative based in Dakar. "It's impossible to predict the climate long

term. We can more or less be sure of about three years ahead. That's all."

The caprice of the elements exacerbates the already difficult task of long-term food strategy. For instance, good rains brought Ghana a bumper food harvest with a surplus of maize, but there is nowhere to store it. Ghana could export to neighboring Burkina Faso, where there is a chronic food shortfall. But the road is bad and there is no rail connection. It is cheaper for Burkina Faso to import from France. In Senegal, imported corn costs half the price it does to grow locally.

Mali, one of the poorest countries in the world, has raised the minimum producer price and liberalized commercial grain sales to encourage farmers who have become reliant on food aid to grow their own crops. The cost of feeding the drought-stricken nation had soared because the government was buying the grain, transporting it over bad roads to store in towns and then transporting it back to

Continued on page 13

ADVERTISEMENT

Ghana: Strides Towards Recovery

Ghana's economy has been through a series of convulsions since independence in 1957. Without doubt, the economic path traversed by Ghana in her post-independence history has been one of the most tortuous and heart-breaking on the continent of Africa.

At independence, Ghana had one of the highest income per capita in sub-Saharan Africa. Then producing about a third of the total world output of cocoa, Ghana's economy held a promise for Ghanaians in particular and Africans in general. The construction of the Akosombo hydro-electric dam in 1965 opened up a new vista to Ghana in the field of industrialization. The manpower needed to teleguide the trajectory of the path towards economic buoyancy was trained through the purchase of a fee-free education programme.

All indicators in the late 1950s and early 1960s pointed to those of a nation on the brink of economic buoyancy. And then the vision turned into a nightmare as the indicators took a downward turn.

Although many variables are known to have featured prominently in the equation of Ghana's economic stagnation and decline, the key variables have been identified as mismanagement and worsening terms of international trade. One government after another pursued economic policies which were by and large inimical to efficient utilisation of available resources and had negative effects on increased output in the productive sectors of the economy. At the other side of the spectrum, the declining prices of primary commodities on the world market, as well as the OPEC oil price hikes of the 1970's, accelerated the rate of economic decline. The decline gathered so much momentum that by the 25th anniversary of Independence in 1982, Ghana had become an economic basket-case and an object lesson in economic mismanagement.

Ghana's economic decline hit its nadir in 1982/83 when drought, bushfires and the expulsion of over one million Ghanaians from neighbouring Nigeria pushed the country close to the verge of economic collapse. Economic indicators in 1982 demonstrated the degree of deterioration when they are juxtaposed with the corresponding figures of the 1960's and the early 1970's.

COCOA PRODUCTION

In 1965, Ghana produced 560,000 tonnes of cocoa which was equivalent to 40 per cent of the total world output. Nearly two decades later in 1983, Ghana produced 170,000 tonnes of cocoa to hold for herself only 12 per cent of total world output. The mining sector followed a similar trend: in 1963, Ghana produced 28.3 tonnes of gold; the corresponding figure for 1983 was 10.2 tonnes. Output of diamonds and timber also showed significantly decreased levels between 1960 and 1980 and finally hit bottom in 1983.

The grim economic situation was aggravated by the decline of the manufacturing and agricultural sectors. In the field of manufacturing, the significant reliance on imported raw materials etc. a time when returns from foreign trade was on the low side, resulted in a fall in installed plant capacity utilization from 50 per cent in the late 1960's to 15 per cent in 1983. In that same year, Ghana could only produce 60 per cent of its food requirements as compared to 71 per cent in 1979 and 83 per cent in 1965. The exodus of able-bodied young men to neighbouring countries, and the subsequent fall in the acreage under cultivation resulted in decreased output levels of every conceivable food or cash crop.

The cumulative effect of the pursuit of inappropriate and misplaced economic programmes and strategies, mismanagement and the lopsided international economic order was bizarre. The effect is reflected in the trends in key economic indicators between 1970 and 1983: Import volumes dropped by a third; real export earnings fell by 52 per cent; domestic savings and investment rates declined from 12 per cent and 14 per cent to 2 and 3 per cent respectively, while real income per capita declined by 30 per cent.

While output in all sectors of the economy was declining, increased money supply, grossly unrelated to production and

productivity became the order of the day. Money supply increased at the rate of 200 per cent per annum between 1972 and 1982. The effect of the expansionist monetary policy pursued by one government after another was the high rate of domestic inflation which averaged 50 per cent per annum within that period.

It was against this background of near economic collapse that the Provisional National Defence Council launched the Economic Recovery Programme on 21st April, 1983. This programme has been pursued in two stages. The first stage covered 1983-86, while the second stage covers the period 1986-88.

Generally, the Economic Recovery Programme's main objectives have been to:

- a) Raise relative prices in favour of production and exports;
- b) Restore financial and monetary discipline;
- c) Initiate the rehabilitation of the country's production and social infrastructure and
- d) Raise the level of private investment.

EXCHANGE RATE PARITY

Since the launching of the Programme over five years ago, the major plank has been the movement towards a more realistic exchange rate parity of the Cedi.

Under the first phase of the Programme, the exchange rate of the Cedi to the Dollar moved from the grossly over-valued rate of C2.75 to C90 to the dollar in January 1986.

In September, 1986, the Bank of Ghana introduced a foreign exchange auction regime to ensure efficient allocation of resources through a more realistic pricing of foreign currency. Administered prices have also been minimized to reduce the distortions that go with them. By and large, economic forces are determining the demand for, as well as the supply and pricing of commodities.

The pursuance of a more realistic exchange rate policy has enabled the government to use price incentives to produce significant increases in the output of all sectors of the economy. In the cocoa sector, output increased by 30 per cent in 1987 relative to the figure for 1983, while output of gold increased by more than 16 per cent within the same period. During the same period, receipts from the timber trade increased from \$16 million to \$90 million. Remarkable increases have also been recorded in the agricultural sector. Considering the production of staple food crops, output in 1987 was more than double that of 1983 and, in the manufacturing sector, installed plant capacity utilization has once again hit the 50 per cent mark.

In a nutshell, the national economy which went through a decline over more than a decade has shown signs of recovery in recent times. Since 1984, Ghana's economy has shown an average of 6 per cent growth in Gross Domestic Product. Inflation has been brought under control and has averaged 20 per cent in the period under review.

At the time of the launching of the Recovery Programme, Ghana had the option of either proceeding ever so slowly, by squeezing consumption out of a people who had already gone through a decade of hardships and sacrifices to make the resources needed for the reconstruction exercise or of accepting foreign capital on soft terms. Ghana opted for the latter course. The International Monetary Fund and the World Bank, as well as the Consultative Group on Ghana have supported the Recovery Programme with standby, rehabilitation and reconstruction credits.

In spite of the considerable gains made so far, Ghana's economic situation remains difficult. Added to the problems that arise from the vulnerability of the economy because of its monocrop status, has been the rising debt service ratio.



With increased investment in the Ashanti Goldfields Corporation (AGC), new resources and fresh management arrangements in other mines, Ghana's gold industry is poised to expand production. Fit-Lt Rawlings, assisted by Madam Dorothy McColville, (sister of the late George Capendell, an expatriate who worked with AGC for about 50 years) unveils a plaque to commemorate the commissioning of a US\$35m shaft for the AGC at Obuasi in the Ashanti Region.

Ghana needs more inflow of foreign exchange to supplement its own efforts at resource mobilization.

Even though Ghana's adjustment programme has been carefully programmed and pursued, there have been social casualties in the recovery process. The most seriously affected are the underprivileged people in the rural areas and the periphery of the urban centre.

The PNDC has moved a step further to give the adjustment programme a human face by launching the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). PAMSCAD entails the execution of 23 social development projects within the next three years.

The projects are directed towards improving the living standards of the rural and urban poor. It also seeks to raise the living conditions of those who have been negatively affected by the implementation of the adjustment programmes to date. Basically, PAMSCAD, planned to involve expenditure of some \$84 million will cover employment generation. At least 40,000 jobs will be created during the next two years; schemes will be implemented to rehabilitate the economic infrastructure in the rural communities, and through the application of the community initiative principle, water, healthcare, nutrition and shelter will be provided for the vulnerable groups.

PAMSCAD is an integral part of the second phase of the Recovery Programme (1986-88). Under the second phase which ends at the end of this year, the PNDC has aimed to:

- a) sustain economic growth at between 5 to 5.5 per cent;
- b) increase the level of public expenditure from about 10 per cent of the national income to 25 per cent by the end of the decade;
- c) increase the savings rate from 7 per cent at the end of ERPI to about 15 per cent by the end of the decade;
- d) further improve the management of resources in the public sector and
- e) effectively mobilize the resources thus generated to improve the social and overall well-being of the people of Ghana, particularly the underprivileged, deprived and vulnerable.

The strides Ghana has made towards economic recovery have been significant by every known economic yardstick. The confidence of the international community in the nation has been bolstered by the bold attempts the PNDC has made to grapple with the nation's hydra-headed economic problems.

Ghana's rate of recovery will be accelerated by an increased inflow from the private sector through direct investment in the country. Under the investment code which came into effect in 1985, incentives have been earmarked for direct investment in areas such as real estate, the construction industry, agriculture, tourism, mining and hydrocarbon exploration. In theory and in fact, every sector of the economy has sufficient room to accommodate the foreign investor.

The Ghana Investments Centre is currently reviewing the 1985 code to reflect the realities of the current international economic environment. The reviewed code will then raise the incentive package to the level which obtains in the investment heavens of Africa, Asia and Latin America.

REFORM PROGRAMME

The PNDC's reform programme has not been limited just to the economic field. A far reaching educational reform programme was launched in September 1987. This programme is geared towards democratizing access to education and making it more functional and related to Ghana's current and future economic and political programmes. The educational programme retains the fee-free structure at the basic level. Cost recovery but tuition free and more efficient structures are to be put in place at the secondary and tertiary levels. During the next six years over which the programme has been stretched, the recurrent education budget is expected to grow at 4 per cent, while capital expenditure is to be increased by a similar margin to ensure the rehabilitation of all available facilities and provide an expanded intake at all levels of the school system.

Ghanaians in all walks of life are preparing for district level elections which represent the first in the series of steps designed to democratize the political system, through the creation of district political authorities. Apart from making people at grassroot level more involved in the decision making process, the district political authorities will also galvanize initiatives for the mobilization of resources in their districts to accelerate economic and social development. The elections, slated for November/December of this year, will make a clear break from practice to date. For the first time in the history of Ghana, members of society who are not literate in the English language can contest elections to the district assemblies. With a view to tapping all available human resources, the business of the district assemblies will be conducted in the local languages. The National Commission for Democracy has created forty-five new districts to enable as many Ghanaians as possible to get involved in decision-taking that will affect the destiny of the country.

Under the Government of the PNDC, Ghana has for the first time since the overthrow of the Government of Dr. Kwame Nkrumah in 1966, returned to the centre stage of Pan-African and sub-continental activities. Ghana is actively involved in the continental efforts aimed at the independence of Namibia, the establishment of a non-racial society in South Africa and peace in Southern Africa.

At the sub-regional level, Ghana which is a founding member of ECOWAS, is now playing a leading role in the economic integration of the countries in the West African Sub-region. Ghana sees no sacrifice as being too great. If this will eventually lead to the creation of an integrated West Africa, PNDC has, more often than not, expressed impatience at the slow pace made by ECOWAS towards the realization of its stated goals.

WestLB
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'Back to Basics' ■ Regional Migration

CFA Franc Resisting Devaluation Pressure

By Terry Bell

LONDON — The CFA franc, the common hard currency of most French-speaking Africa, and tied since 1948 to the fortunes of the French franc, is overvalued. About this there is general agreement. But while this fact has triggered heated debates about the advisability and perceived merits of devaluation, the historic 50:1 exchange rate ratio is almost certain to stay, at least until 1992.

This is despite the substantial pressure being exerted, primarily from within the International Monetary Fund and World Bank, both of which favor devaluation as an essential tool for structural adjustment programs in debt-ravaged African states.

Even Britain's The Economist magazine has called for an "all together" devaluation in the franc zone to create a closer relationship between the franc of the Communauté Financière Africaine and the often heavily devalued currencies of neighboring states.

But although the French finance minister, Pierre Bérégovoy, promised at the franc zone ministerial conference before the recent IMF/World Bank congress in West Berlin that there would be no devaluation, the rumors persist. Part of the reason — one to which even Mr. Bérégovoy has admitted privately — is that the currency is overvalued and causes a considerable drain on the French Treasury.

However, like so many of the arguments advanced for devaluation, the "considerable drain" on France is highly relative and usually overstated.

For example, in money supply terms, the 13 CFA countries — Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal, Togo, Cameroon, the Central African Republic, Chad, Congo, Equatorial Guinea and Gabon — together account for only about 4 percent of the total French money supply.

And although the two accounts mentioned for the zone — the first seven countries constitute the West African and the remainder the Central African account — are both in deficit, they have in the recent past both been in credit.

The CFA countries and Ivory Coast, in particular, have been hit severely by the collapse in commodity prices, most of which are denominated in still relatively weak U.S. dollars. This has led to the situation

where farm gate prices for cocoa far exceed foreign exchange revenues for the commodity.

On World Bank calculations, Ivory Coast stands to lose at least 100 billion CFA francs (\$312 million) this year on cocoa sales of 600,000 tons. But cocoa production in the country is mainly in the hands of small peasant producers who also grow other crops and are relatively self-sufficient.

President Félix Houphouët-Boigny of Ivory Coast has, therefore, been able to cut the guaranteed producer price from 400 CFA francs to 320 CFA francs without fear of internal upheavals. He could, and probably will, cut this price further at a time when the dollar shows signs of strengthening.

With Europe heading toward a single market in 1992 and the 16-nation Economic Community of West African States (ECOWAS) aiming to bring about full monetary harmonization by that date, there is little incentive to tamper with the franc zone now. Seven of the ECOWAS countries, members of the West African division of the zone, already enjoy monetary equilibrium, and unscrambling the 40-year-old arrangement would be extremely complex.

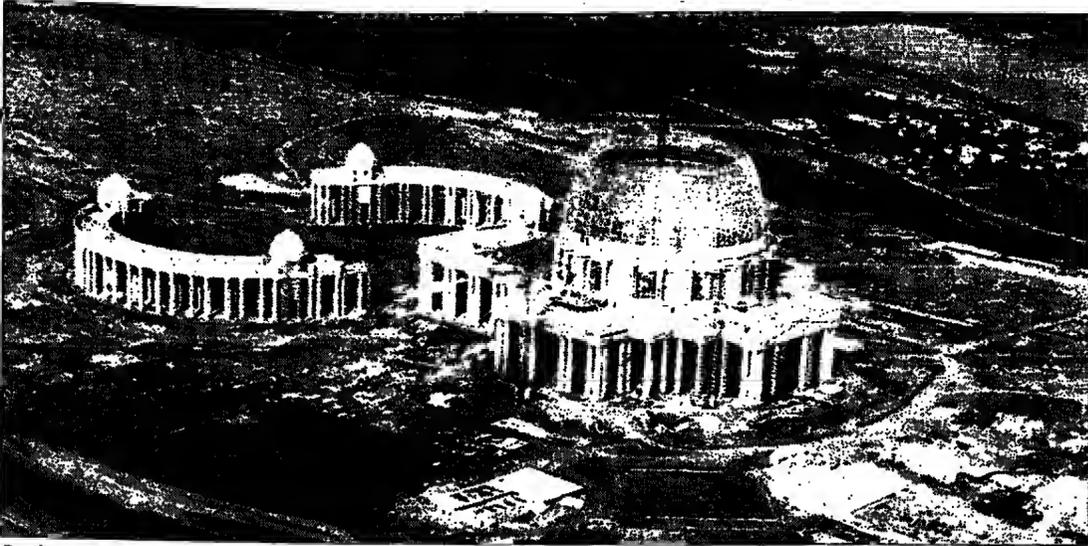
Besides, there are distinct advantages in having a rate of exchange pegged to a stable currency, such as the French franc, not the least of which has been that the CFA nations have avoided many of the tribulations of inflation.

Although it is arguable that an overvalued hard currency hampers investment, the stability it brings is a definite encouragement. And there is, again, general agreement that investment will be essential if African countries — irrespective of their monetary regimes — are to grow out of the swamp of debt they now find themselves in.

Surrounded by uncertainties, with massive overhangs in commodity markets and with rescheduled debt often merely a postponement of the day of reckoning, most of French-speaking Africa, and the formerly Spanish Equatorial Guinea, at least have monetary stability.

Franc monetary links may have their roots in colonial ideas — the reason Guinea Conakry left the CFA zone nearly 30 years ago — and may the member states a bit too closely to France than many might wish, but the advantages still outweigh the disadvantages.

TERRY BELL is co-editor of Africa Analysis.



Basilica, planned to be world's largest, under construction in Yamoussoukro.

Symbolism Marks Development Projects

By Richard Syngé

LONDON — Adopting pseudo-imperial symbolism, President Félix Houphouët-Boigny of Ivory Coast has now completed his long life's work with the construction of an extraordinary Roman Catholic basilica of granite and marble in his home town of Yamoussoukro. In classical Greco-Roman style, the edifice is intended to grace both church and state, and should soon receive a papal consecration in the presence of world leaders.

Having already endowed Yamoussoukro with one of Africa's best-watered golf courses, a supreme court and a university campus, Mr. Houphouët-Boigny, 83, is also building a mausoleum for himself so that after he dies, his 45 years of political domination of Ivory Coast cannot easily be forgotten.

The Yamoussoukro phenomenon may be, uniquely egotistical, justified by Mr. Houphouët-Boigny's unusual continuity in power in a region where presidents come and go rather more rapidly. But its extravagance is by no means unique.

To nearby Nigeria, the new central city of Abuja is designed to become a modernist concrete-and-glass showpiece of the country's power and wealth, along the lines of Brasilia. The incidental fact that Abuja still lacks the basic infrastructure to function as a capital city is a reflection of two things

important in Nigeria, the corruption rampant in the oil-boom era and the more recent collapse of the country's oil revenues.

Although there is no more money left to spend on such a project, Abuja has managed to acquire international hotels, including the world's largest Hilton, a magnificent mosque and an airport built to take the Concorde. Unlike Yamoussoukro it lacks a cathedral — a symptom of the deep divisions among Nigerian Christians.

Only the formerly rich nations of West Africa were able to conceive and pursue such projects as Abuja and Yamoussoukro, but the region as a whole has more than its share of such semi-complete and questionable development projects.

Some of the biggest follies have been the ambitious irrigation schemes of the Sahel, from Senegal through Mali and into Nigeria. Without exception these have produced disappointing agricultural results and have been blighted by poor rains and inexperienced management. River basin developments have tended to consume inordinate amounts of money and to create more political and economic problems than they solve.

The Senegal River Basin Development Authority saddled its member states — Mali, Mauritania and Senegal — with crushing debts, approaching \$1 billion, before it began to see the planned benefits of irrigation, river navigation and electric power. There is no hope of the authority paying for itself until well into the next century.

West Africa's stalled projects, whether in

agriculture or industry, illustrate the huge change in the region's prospects that occurred in the early 1980s. Ten years ago, all West African leaders could aspire to achieving great things for their countries. Although not rich, they could easily raise the money to start industrial complexes and assembly and steel plants. In 1988, these are regarded as luxuries.

The spending boom ran out before results could be achieved. Governments are now so short of cash they can barely meet the immediate and more pressing needs of their economic survival. With most national economies and living conditions in decline, the region's big investments are reserved exclusively for projects with guaranteed earnings, as with Ghana's gold mines and Nigeria's oil and gas fields.

West Africa is redrawing its development prospects in the light of harsh economic reality. Instead of new capital cities, priority now has to be given to relieving the pressing needs of rural and urban communities, with the emphasis on roads, water and power supplies, health clinics and schools.

In recognition of the high social costs involved in the International Monetary Fund-prescribed "structural adjustment" process sweeping West Africa, the international community is experimenting with special programs to "ameliorate" these costs. Ghana and Senegal are trying out community labor and food-for-work projects as they try to keep adjustment on track.

The "back to basics" trend has put drinking water projects at the top of West Africa's list of priorities. The region's biggest city, Lagos, is embarking this year on a massive \$400 million scheme to pipe water for 8 million inhabitants. At the other end of the scale, village communities are gradually acquiring borehole drilling and pumping equipment.

The new emphasis on human-scale projects can provide a safety net and lead to better health, but only economically productive investments can improve the region's economic and financial standing in the world economy.

The fundamental requirements of a viable project in West Africa are its capacity to earn foreign exchange and its potential to make a profit. Currently, goldmines and oilfields lead the field in this respect and are beginning to attract very substantial foreign investment, helped by more welcoming government policies.

Investors are also reassessing the potential of agricultural schemes, such as cotton farms and ginneries, and oil palm plantations and mills. This is the beginning of a regenerative economic process in West Africa. Only if this succeeds, can prestige projects like Yamoussoukro have any real justification.

RICHARD SYNGÉ is an editor with Africa Economic Digest.

Resources Stretched by Influx to Cities

By Maryann Fitzgerald

ABIDJAN — Eight thousand people live here on eight hectares of reclaimed swamp, where a patchwork of plastic, wood and tin provides shelter for Ivorian and Bourkinabe job seekers and their families.

Chickens forage atop mounds of garbage swarming with flies. Visitors pick their way over stagnant open drains, a hazard that is ignored by those who live here. The shantytown is only a few kilometers from the wide boulevards and shaded villas of Abidjan's middle-class suburbs, but here there are neither telephones nor electric lights, nor toilets, because the government does not officially recognize its existence.

Slums such as these are symptomatic of the economic ills that afflict the region. Most West African capitals are overwhelmed by the poor, who embark on a mistaken pilgrimage from the countryside in search of financial security. The effect is to place more strain on already inadequate social services which in turn can fuel civil unrest.

It is a disturbing trend. In Africa, political change is often preceded by protests against the erosion of living standards as this month's riots in Algeria demonstrated.

Urban migration is enlarging towns by 5 percent to 10 percent a year. Thirty-five years from now, more than half of all West Africans will have been uprooted from the countryside, seat of their history and tradition, and will be living in cities and towns, population experts predict.

Senegal, where 70 percent of the population is rural, is pursuing pricing policies designed to encourage farmers to stay on their land. Even so, by 2025, Dakar will have more than 5 million inhabitants compared in the million or so who live there today, who compose one-fifth of the nation.

West African populations have a tradition of migration in search of opportunity. One of the side effects of this ebb and flow across borders is the acquisition of more than one nationality. A Bourkinabe, for instance, may also carry a Mali passport.

During the initial postindependence period, when economies were expanding, governments could afford to absorb a spillover of labor from their less successful neighbors. But since the recession of the early 1980s, regional goodwill has sometimes wavered.

In 1983, Nigeria expelled a million Ghanaian migrant workers overnight when Ghanaian oil prices fell. About 5 million Nigerians were out of work as well.

Ivory Coast, traditionally more prosperous than many of its neighbors, attracts a constant influx of labor, from dockers to executives. A high school teacher who is paid \$250 a month in Senegal can double his salary in Abidjan. While migrant workers are accorded clearly every hospitality, they are denied citizenship, even if they are third-generation residents.

ECOWAS, the Economic Community of West African States, is seeking to lift this protectionism. At the summit meeting in the Togo capital of Lomé in July, members agreed to withdraw work permits and allow the free passage of labor throughout the region. There is likely to be a considerable time lag, however, between decision and implementation.

"It's a brave move. But it has to be

West Africa has a tradition of migration in search of opportunity.

accompanied by national initiative, or we'll have a repeat of what happened in Nigeria. They need to develop small-scale industry," said Cheikh Fall, chief aide to Babacar Niaye, president of the African Development Bank.

Yet commitment to expansion has coincided with hard times. Several countries have opted for assistance from the World Bank and the International Monetary Fund. And by doing so, leaders must juggle the moral obligations of caring for their people with the stringent demands of structural adjustment. Many West Africans are of the belief that short-term political stability is being sacrificed on the altar of long-term economic reform.

The high expectations inspired by the

growth of the 1970s are no longer being met because the resources simply are not there. Budget deficits are being closed at the expense of health and education expenditure. And social unrest bubbles below the surface throughout the region although, for the most part, it has been contained.

In Senegal, university and high school students returned to class this month after being on strike all year. Last February, they triggered riots after national elections. The students' grievances are rooted in the fact that employment after graduation, once considered a right, is now difficult to find.

In Ivory Coast they joke that when you have an accident, do it with a friend, who must shop for everything required for the operation, including the cotton woot and

rubber gloves, because hospitals are so strapped for cash.

Five years ago, when Ghana embarked on an economic reform program with the World Bank and the IMF, as many as three-quarters of the people were living below the poverty line. There has been considerable progress since the "dark years" of the early 1980s when famine was widespread.

With World Bank support, the government intends to reduce public sector financial obligations by removing about 80,000 workers from the state payroll. In some ministries, visitors pass men sitting idle at empty tables placed in corridors. In others, four-fifths of the annual budget went toward salaries.

The government target is to cut 45,000 from the 317,000-member civil service between 1987 and 1989. In addition, the Cocoa Board has already reduced its former labor force of about 100,000 to roughly half. So far, 18,000 names have been cut from ministry payrolls. But, as the first ever civil service census revealed in August 1987, up to 15,000 of these people did not exist. There are no more "ghosts" now that salaries are paid directly into employees' bank accounts.

Natural Disasters Plague Economy

Continued from page 11

farmers, together with imported grain, each time famine struck.

At the same time, farmers were losing out because massive shipments of emergency food depressed market prices. In some instances, farmers incurred debts to cover the cost of production.

The fragile cycle of food production is also governed by pricing policies. In many countries, prices are not announced until after planting. But in Senegal, consistently high producer prices have reaped larger harvests.

High prices bring surpluses, but poor infrastructures make it difficult to either store or export. Even so, most governments are obliged to purchase surpluses, usually through centrally financed marketing boards, which offer low and unprofitable prices to the farmer.

When the government offers low prices for producing crops, the peasants produce less. Then when drought hits, they fall back into a food dependent position. Poor storage facilities for buffer stocks means that there is never food security during hard times.

Government intervention in market prices and the inability to exploit regional export markets are two major inhibitors of food production, according to Muthew Okai, regional agricultural planning economist for the FAO in Accra.

A third factor is the inadequate supply of inputs, particularly fertilizer. Often fertilizer arrives at ports after farmers have planted. Sometimes not enough is imported.

In Accra, a large sign spells out the agricultural philosophy of Flight Lieutenant Jerry J. Rawlings, the Ghanaian leader: "We must grow what we eat and eat what we grow."

It is a target that has yet to be attained.

World Bank officials admit that not enough attention has been paid to food production since an economic reform program began five years ago. Ghana still relies on food aid and commercial imports. But the potential is there.

Workers following up on former President Jimmy Carter's Global 2000 Report are showing peasant farmers how they can improve their yields from half a ton an acre to two to four tons an acre by using the same seed but adding fertilizer and planting in rows. Smallerholder extension work such as this is important as 95 percent of Ghana's food crops are grown on plots of less than 10 acres.

"Ghana can be self-sufficient in all food-stuffs quite easily and even export to the Sahel with this sort of productivity. It hasn't happened before because the agricultural support system broke down. The government was importing and distributing fertilizer but it wasn't reaching the small farmers. The big guys got it instead," explained Senay Chel, the resident representative of the World Bank in Accra.

Ghana has earned World Bank approval with its decision to withdraw fertilizer subsidies and privatize the marketing of both cereals and fertilizer by 1990. The state-run Ghana Food Distribution Corporation already handles less than 10 percent of food surpluses.

Since the inception of the World Bank's free market prescription, prices in Ghana have fluctuated widely. A 100 kilogram (220 pounds) bag of maize is selling for 1,500 cedis (\$6.50) this month because it is the harvest. But six months from now, the same bag would fetch cedis 10,000.

In theory, the scantily funded Ghana Food Distribution Corporation offers farmers a minimum guaranteed price of 4,800 cedis, but they may not be able to follow through with the intent of shoring up the market price as they become overstretched

around harvest time and run out of money. Most agricultural economists applaud the idea of letting food go to the free market. But critics say the World Bank notion of nonintervention has been carried too far. Countries undergoing structural adjustments have withdrawn state subsidies on fertilizer and other inputs to let market forces come into play. The result often is that the farmers do not bother to buy them.

Regardless of reform, the Sahel will remain hostage to cyclical drought and self-inflicted deprivations of the environment. Today 27.5 million Sahelians are affected by desertification.

Twenty-five years ago, Burkina Faso and Mali exported irrigation-fed vegetables to Paris and wheat grew under irrigation in Niger. But irrigation is too capital-intensive for the bedraggled economies of the Sahel which are more suited to the planting of drought-resistant crops.

The Sahel will never be self-sufficient, Mr. Okai said, but it could become self-reliant if the dream of interregional trade were translated into reality. The comradic Fulani of Niger, for instance, could trek heifers southwards to sell in Nigeria. In return, Sahelians could buy grain from the coastal belt.

Neo-colonial influences also inhibit trade. Former French colonies have had their CFA currencies fixed at the same level against the French franc since 1948. The vulnerable currencies of English-speaking West Africa, however, are not freely convertible, making them unattractive to trading partners.

"West Africa hasn't yet broken out of the plaster cast set in colonial times," said Mr. Okai.

MARYANN FITZGERALD, a journalist based in London, specializes in African affairs.



Downtown Dakar, in Senegal, which has adopted a national population policy.

Urban Trends Restrain Rapid Population Growth

ACCRA — Godwin Kashigah, a Ghanaian accountant, taxi driver and aspiring construction company owner, is not a chip off the old block. His father, a farmer, had five wives and 36 offspring. Godwin and his wife, both practicing Christians, have four children.

It is middle-class, urban attitudes such as the Kashigahs' that will apply the brakes to West Africa's rapid population growth of over 3 percent. Africa is the only continent where the rate at which the population increases continues to rise.

The region, like the rest of black Africa, is changing demographically. During the post-World War II colonial period, most West Africans expected to die before they reached 40. Today the average lifespan for a man is 45. For a woman, despite her hard work, it is 48.

But West Africa has yet to ar-

rive at the second stage of transition, falling birth rates. Mothers have an average of six or seven children, the highest fertility rate in the world.

West Africans place great store in fecundity. In Ivory Coast, belts, necklaces and bracelets are made of strings of cowrie shells, sewn onto leather, symbols of female genitalia. Mueh of traditional and modern art depicts the female figure as a symbol of procreation.

Many women would like to have fewer children than they do, but custom, legal rights, poor schooling and the low government priority given to family planning clinics have so far conspired against their emancipation. Fewer than 10 percent of married women use family planning services.

Men, who tend to view children as cheap labor and social security for their old age, traditionally make decisions on important matters such as the use of contraception.

Over the past few years, resistance in the concept of family planning, or birth spacing as it is diplomatically called, has been eroded by exposure to nontraditional viewpoints by their Western or those of urbanized officials. Nigeria, Senegal and Liberia have adopted national population policies. Togo is likely to follow suit. Benin and Burkina Faso are beginning to rethink national attitudes toward family planning.

For Western aid experts and some government planners, these and similar programs have come just in time. At the present rate, the region's population will triple in 35 years, they say. Even if the fertility rate were to drop to a national 2.2 percent this week, it would take a century for the population to stabilize, at which point it would be twice as large as it is now.

Maryann Fitzgerald

Recession Adds New Brake

Continued from page 11

Nations Economic Commission for Africa.

There is a growing belief, however, that precious resources, both human and financial, can be spared, and wider regional development objectives better served, by larger bodies.

The West African Monetary Union, best known by its French acronym, UMOA, is a case in point. Its seven members, all former French colonies, share a common currency, the Communauté Financière Africaine franc, which has been pegged to the French franc at a rate of 50:1 since 1948.

Dismissed by some critics as a colonial hangover that allows France to maintain profitable economic ties with the region, UMOA has nevertheless provided its members with a rare degree of financial stability.

Yet, while UMOA has given West Africa a taste of monetary union, its existence is said to be undermining the aspirations of ECOWAS in this direction — in

part because the convertibility of the CFA franc has made it the most valuable medium of exchange throughout West Africa.

As a result, as much as 25 percent of Nigeria's refined oils are smuggled into neighboring Cameroon, Niger and Benin where they fetch up to 10 times more, in a hard currency, than what they would at home in devalued naira.

For the same reason, Ghanaian cocoa is spirited across the border into Ivory Coast, and much of Gambia's groundnut crop finds its way into Senegal.

The proliferation of such traffic not only acts as a brake on progress toward the main declared objective of ECOWAS governments — the creation of a single market — but it also deprives them of valuable customs revenues and puts fragile industries in jeopardy.

Officials at the Ivory Coast Chamber of Industry, an umbrella grouping of some 700 registered companies, estimate that the state loses up to 200 billion CFA francs a year — equivalent to about a

third of the national budget — as a result of customs duty evasion alone.

Unimax, Ivory Coast's biggest textiles manufacturer and one of the country's largest companies, is now in the verge of collapse owing to the upsurge in illegal cloth imports from Nigeria.

Under the circumstances, it is hardly surprising that official intra-community trade has remained static, at 4 percent of member states' total trade, since ECOWAS was established. Yet most of the mechanisms designed to improve the situation, such as a standardized tariff nomenclature, have been in place for years.

The progressive alignment of levies was due to begin in 1981, but the pursuit of national interests, the raising of revenue and protection of domestic firms has kept them from changing. And they seem likely to remain unchanged for the time being.

GERALD BOURKE contributes to The Independent from Abidjan.

MONDAY SPORTS

Bills Defeat Pats In Final Seconds

They turned four Denver turnovers, including three interceptions of Gary Kubiak, into a touchdown...

The Bills drove 69 yards before Norwood broke a 20-20 tie with a 33-yard kick that raised Buffalo's AFC East-leading record to 7-1.

New England's Teddy Garcia, who had missed on four of 13 extra point kicks entering the game, missed on his fifth and failed on three field goal kicks, including one from 25 yards in the first quarter.

The Patriots, who forced six turnovers in defeating previously unbeaten Cincinnati last week, got four against the Bills but dropped to 3-5.

New England's Teddy Garcia, who had missed on four of 13 extra point kicks entering the game, missed on his fifth and failed on three field goal kicks, including one from 25 yards in the first quarter.

The Oilers closed to 35-21 on two touchdowns passes by Warren Moon in a 3:18 first-quarter quarter. But erratic Tony Zendejas missed on a 35-yard field goal kick on Houston's next possession, and the Bengals ground out a 72-yard drive in nine rushing plays to put the game out of reach.

The Giants took the lead on Banks' 15-yard interception return for a touchdown after Carson's interception set up the tying score.

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NFL ROUNDUP

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Flanker Ricky Watters, gaining first-half yardage for Notre Dame.

Notre Dame Rolls to 7th Straight

Notre Dame rolled to a 41-13 victory over the Air Force in the third quarter, which was averaging 46 points from a superb wishbone offense that had produced 432 rushing yards a game, best in the nation.

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VANTAGE POINT/Thomas Boswell

Of Demigods for One Season

WASHINGTON — By the time a baseball season reaches October, the sport has, over seven months, developed a central hero or two, an Achilles or a Hercules, who in each camp issues forth for battle.

One will be the man who, for a time, is favored by the gods. The Los Angeles-Oakland World Series of 1988 began with four men — two on each team — who stood so far above all others that what befell them carried disproportionate weight.

The Athletics had Jose Canseco, the first player to hit 40 home runs and steal 40 bases in the same season. He epitomized the Athletics' domination through size with a .333 batting average in a pre-Series meeting, said his good luck to bring Canseco down off Mount Olympus and compare him to somebody in the National League.

Oakland had Don Demaris Eckersley, a phenom reborn as a relief pitcher. Left in the ashcan by the Chicago Cubs, he not only had saved or won 49 games, but had saved every game in the American League playoffs. Nothing in baseball is harder than getting the last out.

The Dodgers, though the inferior team in talent, had pitcher Orel Hershiser. Hershiser entered the playoffs with the longest streak of shut-out innings in history. He was the ace of the team, against the New York Mets, he raised the ante even higher by starting three games, saving another and sneaking into the bullpen to warm up in yet another. When he should have been exhausted, he shut out the Mets in a winner-take-all game for the pennant.

The battered word "awesome" was on every tongue. And awe is reserved for heroes.

Los Angeles also had a symbol, a warrior as the game has become in years: Kirk Gibson, a fellow who seems to maintain himself so well that he becomes doubly young with the passage of time. Playing against the Mets, Captain Kirk, going where no man had gone before, hit two game-winning home runs in his 12th hour.

The Athletics' great mistake in the World Series was their assumption that their aura of collective power was insuperable. Canseco talked openly about dominating a quick, 100 mph Series. Don Baylor, a leader in other years who has become a slightly embittered man as his glory days wane, impugned the charge of the Dodgers' key relief pitcher. He might as well have said: "We have Eckersley, you have only this timid person named Jay Howell."

In Game 1 of the Series, Eckersley faced a Gibson who could barely stand. Down to his last strike, Gibson hit a home run that, in some photos, seemed to have been struck with one hand. No other player, not in the entire 20th century, had ever hit a sudden-death homer to turn a Series defeat into a win.

This Series was decided in the fourth game. The Athletics led the score, Dave Stewart. The Dodgers countered with a rookie who had lasted two innings in Game 1 — falling, he admitted, because of nerves. "I was going crazy out there," said Tim Lincecum.

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COLLEGE FOOTBALL

And Gibson's home run had upstaged one by Canseco — and not just a homer, but a grand slam.

In the second game, Hershiser demonstrated how — if your deity does not aid you — you can slay dragons. He not only pitched a shut-out (his eighth in 10 starts) but had as many hits as game as all the A's.

Canseco went into a slump that would reach 0-for-13 by the end of the Series. "He threw me nothing but fastballs," Canseco said of Hershiser.

It had become year after year this way. Like Bob Gibson in 1967 or Reggie Jackson in 1977 or Willie Stargell in 1979 or George Brett in 1985, there was one man clearly blessed by the fates: Hershiser.

Pate has his proper place in sports, as Tommy Lasorda, the Dodger manager, knows. That's why he left Hershiser in to face Canseco — in the tying run at bat — in the eighth inning. Talk about burning the book: Every manager knows you never let a tired pitcher give away the last run of a big lead when you have a strong bullpen. But Lasorda trusted his gut, and Hershiser's.

The count on Canseco went to one ball, two strikes. Hershiser shook off Dempsey once, twice. What was he thinking? "I wanted to surprise Canseco," said Hershiser.

What he wanted to do was to tempt fate, trust his luck, finish his roll. He wanted to throw the last pitch in the world that he would dare: A fastball, belt-high and inside, Miss by inches and it's the pitch Canseco hits farthest.

Hershiser's pitch didn't reach Dempsey's glove, but it was dead on target. And Canseco's sickly pop-up fell like a dying dream into the hands of the Dodger catcher.

After that, the Athletics were sunk. With the distance between pitching mound and plate 60 feet, 6 inches (18.44 meters), Parker swung at what Hershiser mischievously called "a 55-foot curveball. So I threw him another one." The inning, and the Athletics' last rally, ended as Parker took two preposterous swings at pitches that bounced before they reached him.

In defeat, the Athletics were philosophical and gracious. What else could they do? Humility is easy. The Dodgers, immortal now for a winter, drank champagne, the wine of forgetfulness.

Next spring, another season begins. But what the Dodgers and Athletics bring forward with them from this week in October will last them exactly one game. That's the half-life of a demigod. Then, it will be 1989 — the "next year" we all invoke. And once again we will say to each other that, while baseball is just a game, we're certainly glad it's back with all its strange and sometimes haunting power.

Belles. He took a pitch from quarterback Tony Rice, stepped back and let fly to Ricky Watters. The flanker caught the ball inside the Air Force 10 and batted his way across the goal line.

Ranked No. 2 in the nation by the news agency polls, Notre Dame has produced its best start since 1980.

That was Dan Devine's last Fighting Irish team, and it won its first seven games, tied Georgia Tech in its eighth game and won two more before losing at Southern California and to Georgia in the Sugar Bowl and finishing with a record of 9-2-1.

Chances are this Notre Dame squad will be undefeated when it plays Southern Cal on Nov. 26 in Los Angeles. Before then, the Irish play Navy, Rice and Penn State.

SCOREBOARD

FOOTBALL

Table with columns for Football College Results, listing teams and scores.

HOCKEY

Table with columns for Hockey NHL Standings, listing teams and records.

SOCCER

Table with columns for Soccer Spanish First Division, listing teams and scores.

BASEBALL

Table with columns for Baseball World Series MVPs, listing players and teams.

AMERICANS LIVING OUTSIDE USA

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TRANSITION

BASEBALL. Chicago's Alvin Dark, manager of the Chicago Cubs, has been named manager of the Toronto Blue Jays.

BASKETBALL

NBA Exhibition Results. Boston 113, Vancouver National Team 85. Dallas 105, San Antonio 103.



ROUGHING IT — Brian Skrudland of the Canadiens clearly had the upper hand against the Buffalo's Mike Ramsey in this set-to Saturday at the Forum in Montreal. The Canadiens won the NHL game, 4-3; a night earlier, the Sabres had registered a 5-3 home-ice victory over Montreal.

Los Angeles/Oakland World Series. Photo by AP/Wide World.

